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Lithuanian Democratic Labor Party Promises Corrections to Reform

Surveying his party's victory in the second round of Lithuania's parliamentary elections, Democratic Labor Party leader Algirdas Brazauskas pledged his commitment to ongoing national reforms but stressed "that the ways of realizing these reforms may be varied, [and] they will be corrected as compared with those which have been used as a basis now, especially in agrarian reform." Speaking at a Vilnius news conference, Brazauskas also sought "to remind people that our party has left—and I wish to stress this once again—left the CPSU, we have discarded the so-called red membership cards and formed a new party," despite reports prevailing in the foreign press that the communists have somehow been restored to power by Lithuanian voters. Affirming that "we are profoundly convinced that the socialist form of management has brought misfortune not only to Lithuania but to the entire former so-called socialist camp," the party leader reiterated that "reforms must be aimed at following a (?normal) path to free market conditions." Brazauskas promised that the government and parliament leadership would be formed with "joint efforts," refuting recent warnings by Supreme Council Chairman Landsbergis that the election results might return Lithuania to "autocracy."

Russia, Chechnya Agree on Troop Withdrawal

Russian and Chechen officials yesterday signed an agreement on the simultaneous withdrawal of their respective troops from Chechnya and Ingushetiya, ITAR-TASS reports. Under the agreement each side is to pull its troops back eight kilometers. Mixed commissions comprised of an equal number of members from Russia, Chechnya, and Ingushetiya will monitor the disengagement. ITAR-TASS noted that the Chechen side has already begun to withdraw some equipment and personnel and that there were "no incidents" in Chechnya last night.

Shaposhnikov Views CIS Security 'Blueprint,' Nuclear Issues

PM1611203192 Moscow IZVESTIYA in Russian 17 Nov 92 Morning Edition p 2

[Report on "exclusive" interview with Marshal of Aviation Yevgeniy Shaposhnikov, commander in chief of the CIS Joint Armed Forces, by Viktor Litovkin; place, date not given: "Military Danger to the Commonwealth Now Lies Within It, Marshal of Aviation Yevgeniy Shaposhnikov Believes"]

[Text] The CIS military security blueprint adopted by the Commonwealth heads of state has not yet been published. What is the gist of the blueprint, in what direction are the independent states' military doctrines developing, and who is their potential enemy? Our military observer put these and other questions to Marshal of Aviation Yevgeniy Shaposhnikov, commander in chief of the CIS Joint Armed Forces, in an exclusive interview.

No Point Looking for Enemies

I am dead against such terms as "potential opponent" or "enemy," Yevgeniy Shaposhnikov said. Seventy years and more of general suspicion and constant searching for enemies inside and outside the country have already brought us to the point of dangerous confrontation, beyond which lies the abyss of self-annihilation. Every effort must be made to shed this way of thinking and stop the tireless struggle with someone, against someone, for something, including the harvest.

We must take a sober and calm look at the world, the commander in chief said, see in it both our own interests and neighbors' interests, and take them into account.

It was on that basis, the marshal observed, that we said in the military security blueprint that the world has now entered a period of transition from confrontation to demilitarization and new international relations, to global cooperation and collaboration.

The world community's official renunciation of war as a means of attaining political goals and the willingness to build relations on the basis of dialogue, trust, and cooperation, Shaposhnikov said, are one of the principal foundations of our blueprint. We have confirmed our loyalty to earlier treaties and have assumed collective responsibility for international security.

At the same time, the commander in chief continued, it must be recognized that domestic political factors pose the main military danger to the Commonwealth: the presence of zones of armed conflicts, unsettled mutual claims by sovereign states and new national entities, property disputes between them, the uncertain status of Russian forces on other territories, the presence of unconstitutional troop formations....

All this, combined with economic, social, and ethnic instability, could lead, if the situation develops unfavorably, to a military crisis, the marshal believes. There is also the risk of a variety of conflicts occurring near the Commonwealth's external borders. Particularly as the military potentials of some neighboring states considerably exceed their defense needs and the danger of the spread of nuclear and other weapons of mass destruction remains. How can we react to this?

The Commonwealth states say in the blueprint that they do not see military force as a way of solving any problems that may arise. The main emphasis is on political methods: activating the consultation mechanism, coordinating the positions of all the countries interested in resolving the conflict, and adopting comprehensive measures to eliminate any threats.

The Blueprint Is Essentially About Preventing War

The gist of our new blueprint, Marshal Shaposhnikov said, is that the CIS states regard the military security of the Commonwealth itself and of each of its participants as one of the chief political goals. Preventing war is seen as a very important means of attaining this goal.

The Commonwealth states decided to precisely observe the delarations on sovereignty and acts of independence and never, in any circumstances, begin hostilities against any states unless they are themselves the target of aggression or an armed attack. They confirmed their commitments to prevent the spread of nuclear weapons and not to be the first to use them or other weapons of mass destruction. The CIS guarantees the inviolability of existing borders and noninterference in other states' internal affairs and intends to maintain strategic stability in the world and contribute to the strengthening of international security systems.

The Commonwealth countries intend, Yevgeniy Shaposhnikov said, to cooperate with other states on political and military matters, to participate in international actions that are being carried out in accordance with the UN Charter, and to keep their armed forces within the bounds of reasonable defense sufficiency.

According to the marshal, reasonable sufficiency means a state's ability in the event of aggression against it to cause unacceptable damage to the attacker and make it halt military action.

How the Blueprint Will Work

The Treaty on Collective Security signed by six CIS states (Russia, Armenia, Kazakhstan, Uzbekistan, Kyrgyzstan, and Tajikistan) forms the basis for implementation of the blueprint's provisions, Yevgeniy Shaposhnikov said, and much is defined in it. In order to help one another prevent or settle conflicts resulting in the violation of inalienable human rights, the CIS countries will use military observers and collective peacekeeping forces in the Commonwealth.

These forces will include units and subunits specially allocated by each state. All military structures are supervised by the Council of Heads of State and are subordinated to their own command and, operationally—in potential areas of planned combat use—to the CIS Joint Armed Forces Main Command. The marshal does not rule out the possibility of creating mixed units. For example, Russian-Kazakh, Russian-Uzbek....

The blueprint lays the purely defensive foundations of the Commonwealth states' military doctrines, he said. But this does not mean that defense will be the sole method of combat action. We are also looking to methods of armed struggle corresponding to the prevailing situation and ensuring that we have the strategic initiative and defeat the aggressor, Yevgeniy Shaposhnikov said.

The level of development of armed forces and of their combat equipment, the CIS Joint Armed Forces commander in chief believes, must match the best armies of the world's most highly developed states in terms of equipment, professionalism, and methods of waging combat actions, while taking our problems into account. At the same time, financial and material resources must be saved and single regional commands created on the basis of existing operational formations.

Take the air defense forces as an example, he said: They were built up without regard for administrative and republic borders. Is there any sense in each country having its own system now? A fighter regiment stationed in Uzbekistan can cover the sky in Turkmenistan, Kyrgyzstan, and Tajikistan. The same goes for the network of radar stations. So in the Transcaspian area you could set up a joint "South" air defense operational system. For Armenia, Azerbaijan, Georgia, and Russia you could have a "Caucasus" system, and so on. Agreement could be reached on who is going to be in charge of these systems.

Only Russia Can Inherit the Strategic Nuclear Forces

One acute question that has not been finally resolved is the status of the strategic nuclear forces. Marshal Shaposhnikov considers it illogical that the Russian defense minister not be involved in the military command and control of them.

In view of Army General Yu. Maksimov's resignation, he said, I have been given the job of commanding the stategic nuclear forces. This decision is probably correct, if seen in terms of the transitional period. But, the marshal said, I have to say that great clarity is required here. The Joint Armed Forces Main Command and the CIS itself are not a state. And nuclear weapons, as a most important component of the armed forces, absolutely must belong to a state. That is why, in Shaposhnikov's view, the strategic forces command must be in Russia—sole internationally recognized heir to the USSR's nuclear status.

The CIS Joint Armed Forces commander in chief is also worried about the situation regarding strategic nuclear forces in Ukraine. The Ukrainian leadership signed the Nuclear Nonproliferation Treaty and declared the country a nuclear-free zone while at the same time it is creating a center for the administrative control of these forces, and some Ukrainian parliamentarians are talking about acquiring the status of "temporary nuclear power" for the republic.

You cannot be just a little bit pregnant, Marshal Shaposhnikov said. Things need to be clear. Either one or the other. And relevant decisions must be made. But we do not have that yet, and ambiguous situations hinder normal work.

ITAR-TASS Reviews 17 November Press

LD1711062292 Moscow ITAR-TASS in English 0545 GMT 17 Nov 92

["Press Review"—ITAR-TASS headline]

[Text] Moscow November 17 TASS— The Russian press highlights the recent Congress of the Russian Union of Industrialists and Entrepreneurs (RUIE). Regarding the RUIE Congress as an important event in Russia's political life, PRAVDA points out that there was a top-level dialogue at the congress.

A draft alternative programme of action to take the Russian economy out of the crisis was submitted for the congress's consideration. The draft programme is part of a comprehensive programme of the Civil Union centrist bloc, the newspaper writes.

Delegates to the congress, representing 25 million people in Russia, expressed their attitude to reforms and stated that they "come out in favour of a state regulation of the transition to a market economy and a liberal nature of reforms and their social orientation". The world practice has seen no example of the introduction of market relations by a decree or a universal vote, PRAVDA emphasises.

NEZAVISIMAYA GAZETA (INDEPENDENT NEWSPAPER) believes that the delegates managed to find points of contact at the congress. The newspaper points out that "Yeltsin promised that a portion of the Civil Union programme would become part of a government programme".

As RUIE Chairman Arkadiy Volskiy said, the president and the acting prime minister "have made rather considerable steps towards the centrists". However, if no accord is reached prior to the Congress of People's Deputies, "the government will find itself in a fix", he said.

KRASNAYA ZVEZDA (RED STAR) lays emphasis on the RUIE Congress statement which describes the reform-oriented activities of the Russian Government. The newspaper singles out a part of the statement which

says that the government made serious blunders and errors in the carrying out of reforms. The isolation of decisions being taken from Russian realities and the unjustified desire to hasten transformations without due account of possible economic and social consequences have greatly aggravated the situation, put production on the verge of collapse and lowered the living conditions of the majority of the population to below the poverty line.

Newspapers give an extensive coverage to the situation at the flashpoints of the Commonwealth of Independent States (CIS). NEZAVISIMAYA GAZETA reports an aggravation of the situation in North Ossetia and Ingushetiya. The newspaper writes that the accord about the establishment of a disengagement corridor between the military groups of the Russian Army and the Chechen National Guard along the Chechen-Ingush border has not been observed.

An attack by Chechen groups on a post of Russian troops compelled Sergey Shakhray, the administration chief of North Ossetia and Ingushetiya, to suspend the implementation of a protocol on the disengagement of Russian and Chechen units, KRASNAYA ZVEZDA points out.

The press reports the opening of a Tajikistan parliament session which is being held in the building of the cultural centre of the Urunkhodzhayev collective farm in Hudjand. The session is being attended not only by people's deputies but also by representatives of the parties and people's movements of Tajikistan.

The question is whether this forum of political forces will manage to put an end to the civil war in the country, normalise the situation and map out routes for a way out of the deep economic crisis that has gripped Tajikistan, KRASNAYA ZVEZDA writes.

KOMSOMOLSKAYA PRAVDA carries an exclusive interview with Algirdas Brazauskas, chairman of the Lithuanian Democratic Labour Party (LDLP), which won the recent parliamentary elections. He set out a programme of the country's new government. "We come out in favour of a competent government that would include representatives of a majority of parties and even non-party people," he said.

Touching upon relations with Russia, Brazauskas declared in favour of "restoration of mutually beneficial contacts with Russia and other CIS countries". But Lithuania must also look for other partners, including those in the West, as well, he added.

In an interview with PRAVDA, former U.S. President Jimmy Carter said that a way out of present-day complex internal political situation in Russia hinges on a solution to the main problem, namely, how soon economic reforms will materialise. He said he believes that the parliament and the president of Russia will be able to settle their disputes and contradictions without resorting to emergency measures.

Touching upon Russo-American relations, the U.S. ex-President recommended the United States to show caution and not try to teach Russia or any other republic how to manage their affairs.

Official Says Cooperation Planned With Both DPRK, ROK

LD1611114692 Moscow ITAR-TASS in English 1043 GMT 16 Nov 92

[By ITAR-TASS correspondent Oleg Polovko]

[Text] Moscow November 16 TASS—During the visit of President Yeltsin to Seoul, scheduled for November 18-20, "the Russian side intends to make the Republic of Korea another of its friendly partners in Asia and to give a strong impetus to Russian-Korean cooperation in all spheres." At the same time, the Russian Federation has no intention to curtail relations with North Korea," head of the Department of Korea in the Russian Foreign Ministry Georgiy Toloray said in an ITAR-TASS interview.

According to Toloray, it is planned to sign during the visit a treaty on the fundamentals of relations between the Russian Federation and the Republic of Korea, agreements on cultural and customs cooperation, a convention on avoiding double taxation and a number of documents dealing with trade and economic relations.

Naturally, the main purpose of the first official visit of the Russian leader to South Korea is to promote the development of political relations between the two countries. The signing of the interstate treaty on fundamentals of bilateral relations, which is to provide a legal basis for the development of relations between the two countries, will be the feature event of the visit. According to Georgiy Toloray, the treaty was drafted in accordance with the U.N. Charter and international legal acts. Its main provisions say that the Russian Federation and the Republic of Korea shall be friendly states with regard to each other and shall maintain friendly relations.

The draft treaty envisages regular consultations between the two countries' political leaders and the development of relations between their parliaments and individuals.

It is stipulated in the treaty that it cannot be used by the two sides in a way detrimental for some third country. Thus, it is stressed that along with developing relations with South Korea, Russia is not going to curtail relations with North Korea.

Toloray stressed that Russia and South Korea have extensive potentialities for the development of trade and economic cooperation, but it is not used to the full. South Korean businessmen, who are concerned over the absence of a full-scale legal basis for the development of economic cooperation, are in no hurry to start operations at the lucratice, but turbulent Russian market. One of the main objectives of the visit is to give an impetus to economic cooperation, to persuade South Korean businessmen to boost cooperation with their Russian partners, Toloray said. Both sides hope for a major progress in this direction, which will be promoted by the documents to be signed. Besides, according to Toloray, there is every reason to believe that conditions will soon be created for unfreezing credits, granted by South Korea to the Soviet Union and frozen after its disintegration, which is important for the two countries economic relations.

Diplomat Previews Yeltsin Visit to South Korea

OW1611175092 Moscow INTERFAX in English 1707 GMT 16 Nov 92

[From "Diplomatic Panorama" prepared by correspondents Andrey Borodin, Dmitriy Voskoboynikov, and Igor Porshnev—following item transmitted via KYODO]

[Text] Russian President Boris Yeltsin is to visit South Korea on Wednesday, Thursday and Friday. During his visit the two sides are to sign a package of documents, such as a treaty on the principles of bilateral relations, and economic and interdepartmental agreements. DP's [Diplomatic Panorama] correspondent learned this from a member of Russia's Foreign Ministry in charge of preparations for the Russian leader's trip.

With reference to the possible political consequences of B. Yeltsin's official visit to Seoul the diplomat said first of all that his establishment categorically opposes any linkage between Russia's relations with North and South Koreas. Russia's Foreign Ministry does not want the visit to Seoul to have a negative impact on contacts with Pyongyang. "These are independent countries; we have no intention of maintaining balance in our relations with the two Korean states or suppressing the development of ties with one of them to the detriment of another for the sake of such balance," he said.

He pointed out that it is the ministry's firm policy to avoid elements that may cause tension in North Korea or pose a threat to it through the cooperation with South Korea and in the documents to be signed during the upcoming visit.

The interest of South Korean entrepreneurs in Russia has noticeably diminished as of late, the diplomat conceded. This is due to the lack of government guarantees, vague economic legislation and irresponsible partners, he explained. Nevertheless in 1991 the turnover between the two countries made up 1.2 billion dollars; in the current year it is expected to amount to at least 1.3 billion dollars.

According to the diplomat, the problem lies in the fact that so far South Korean entrepreneurs have refrained from making extensive investments in Russia because of uncertainty in its internal political situation. One of the goals of President B. Yeltsin's trip is to give definite guarantees and attract the attention of South Korean businessmen to the investment prospects in Russia, to scientific and technical cooperation and to exchanges of technologies.

Questions connected with the South Korean plane downed over Sakhalin in 1983 might emerge once again

during the visit, the diplomat said, even though the main documents have been declassified and handed to the Koreans, Americans and representatives of the International Civil Aviation Organization. The transfer of original tapes or the black boxes themselves is "a purely technical issue", he noted.

For the sake of full clarity Russia is willing to cooperate with South Korea and with international organizations, he said. According to the diplomat, the mystery of South Korea's Boeing-747 can be resolved only if all participants in the events that happened 9 years ago present the relevant materials. Russia has covered its own part of the road, and now it's up to the others to do the same, he pointed out.

Questions connected with ensuring security will also be discussed during the visit, said the Russian Foreign Ministry official. The Russian Defence Minister and his South Korean counterpart are expected to sign a program for cooperation between the two countries' military establishments.

Moscow Hopes To Postpone Payments on Foreign Debt

OW1411183792 Moscow INTERFAX in English 1715 GMT 14 Nov 92

[Following item transmitted via KYODO]

[Text] Russia's Minister for Foreign Economic Relations Petr Aven has told INTERFAX that this coming December formal agreement will be reached on a long-term postponement of payments on his country's debt to the West.

The negotiations, Russia held Friday with the Director of the French Treasury Jean-Louis Trichet, showed the Russian creditors took a more than optimistic approach to the problem of the formerly Soviet foreign debt. Jean-Louis Trichet is currently chairing the Paris club. The Russian Minister expects his country to receive a formal blueprint for settling the debt problem at the Paris club meeting tentatively scheduled to be held on the 24th to 26th of this month. Another session of the Paris club may be expected to discuss and formally endorse a final decision on the debt problem next month.

The mechanism of servicing the foreign debt remains to be specified, because, the minister said, Ukraine has yet to define its stand on the matter. Uncertainty regarding the Ukrainian position may hinder the conclusion of a formal agreement between Russia and the West. Addressing the Russian decision to seek unconditioned loans, Petr Aven said he favored borrowing for the promotion of businesses and the creation of new work places in Russia. He cited the recent conclusion of a credit agreement under which Britain would earmark an equivalent of 260 million US dollars to expand production at the chemical and natural gas complex in Urengoi.

Article Forecasts Pause in U.S.-Russian Ties During 'Interregnum'

PM1711111592 Moscow SOVETSKAYA ROSSIYA in Russian 14 Nov 92 p 5

[Article by Eduard Volodin: "A Pause?"]

[Text] While the changeover of power is proceeding in Washington and Russia is preparing for new political battles, there is a possibility in the interregnum period of trying to suggest a possible development of events.

The point of departure should be considered to be the assertion that Russia cannot expect anything good of either Bush or Clinton. The former and the latter both backed "democracy," that is a political and economic system, and not the fundamental principles of our national-state existence. Moreover, it was the "democratic" method of destroying Russian national-state integrity which was acceptable to Bush and it remains preferable to Clinton, who has already declared his adherence to "democratic" processes in Russia.

At the same time the pro-Clinton vote of a substantial proportion of Americans and Clinton's arrival in the White House with a specific program declaring that efforts will be focused on the United States' domestic problems make it possible to view Bush's preceding activity in a new perspective. His policy was frankly oriented toward the outside world and it was under him and with his hands that the world's behind-the-scenes powers began to create a new world order, which was conceived as a system of universal uniformization with the rule and omnipotence of one force, one center, one scale of cultural and moral values. This building of a unipolar world could be based and is based on a system of economic rule and foreign economic coercion, backed up by military force always ready to suppress any resistance to the new world order. In the latter case that does not necessarily mean actions like "Desert Storm" or the blackmailing of Yugoslavia. While the U.S. military submarines have an exceptional number of weapons, the army itself is not brilliantly combat-capable—after all, it was no accident that the staff officers did not recommend to Bush a direct U.S. armed intervention in Yugoslavia. The military pacification of all those who oppose the new world order is better accomplished at the hands of "allies," which is what is happening in Bosnia and Hercegovina where Serbs, Croats, and Muslims are shooting at each other, so that at a given moment the Americanized United Nations can impose on the Balkans its own plans for subordination to the world gendarme.

That is also how one could describe the bloody conflicts in the Transcaucasus, where nationalism is used for the general destabilization and total weakening of the warring sides. Shevardnadze—the obedient apprentice of the master-builders of the world edifice of universal uniformization—is particularly successful on this salient. The slaughter in South Ossetia and the barbarity in Abkhazia perpetrated in the name of "the flourishing

of the Georgian nation" have resulted in political and economic chaos in Georgia itself, compounded by the military resistance in West Georgia, which should be viewed unequivocally as the first phase of civil war. And this is also becoming the prerequisite for future "appeasement" plans when a weakened and devastated Georgia and Transcaucasus as a whole will be ready to accept any terms as long as they can see a way out of the fratricidal impasse.

Nonetheless, Bush's loss can be interpreted as marking time in the successful and total construction of a new world order. And not because the Americans have rejected Bush but because the entire period from "Desert Storm" through the Ingush-Ossetian tragedy has consistently shown the peoples' rejection of the very idea of a new world order, the opposition to it, and the poor study the architects of the new world order have made of the entire carcass from which they intended to construct a worldwide temple. The chimera of the "Common European home" has failed, they have burnt their finger in Serbia, and the final destruction of Russia, which began so stormily and such whooping in August 1991 is proceeding with difficulty... No, Bush has done a lot, but a lot has not succeeded. Clinton's election (given that this is the choice of the Americans who voted for him) can be viewed as a pause which the world's behind-the-scenes powers have made to analyze what has been done and to work on the details of their plans for the future.

The "democratic" column in Russia has also been through a lot. Too much was bound up with Bush, too many hopes were linked with him. And that was totally insulting. And now it is not even a case of it being necessary urgently to change their patron from the metropolis and set up new ties. Ultimately they will reach agreement with Clinton too. The problem for the "democrats" is that in the United States now there is a pause until the end of January 1993, when Bush is no longer able and Clinton does not yet have the right to take responsible political decisions. For instance, if a state of emergency is introduced in Russia and the constitutional organs of power are dissolved, a favorable reaction from the United States during that period will be problematical.

How should the opposition treat the Americans' election of Clinton? Naturally, the Americans have made their choice and it is not for use to give them recommendations. While acknowledging American realities, we can give our own assessments of them, and no more. That the U.S. foreign policy course, initially anti-Soviet and, under Bush, anti-Russian (that is, a course which, with the aid of the American ministry of foreign affairs of Russia [as published], flouted our country's fundamental national interests in the world arena) should be understood and that the Russian national government will have to deal with it is another matter. Here we should introduce several principles, which can be formulated as follows.

While accepting U.S. geopolitical interests and values as a reality, Russia will not waive its own interests and values on the geopolitical level. Consequently a certain period will be required for equilibrium to be restored.

In freeing itself of ideological stereotypes in foreign policy, Russia is not renouncing national interests, its historical allies, and mutually advantageous economic cooperation. That means that no one state has its own "patrimonies" outside state borders but, with regard to Russia, we have historical and strategic interests in the Balkans and the Mediterranean, the Arab world, the Far East, and the Pacific Ocean. We have our own interests in mutual relations with Germany, which do not need intermediaries in the shape of the EEC, NATO, or the notorious Europarliament.

We welcome the course proclaimed by Clinton toward the solution of domestic American problems. A stable America could make a constructive contribution to the restoration of stability in the world. Russia is all the more in need of the swift and effective restoration of national peace, of its destroyed economy, of the dignity of the individual, and of the prosperity of the people. With a suitable understanding of the priority of domestic problems, the restoration of international stability will proceed more calmly.

It must be clearly understood that the idea of a new world order was not the invention of Bush or his advisers. Various political forces have been obsessed with it at various periods of human history, swathing a mongrel in various ideological wrappings. Nor has the idea been abandoned even now. It has simply turned out that it is difficult, virtually impossible, to establish a new world order through the efforts of the United States alone. For that reason too there has been a pause, and mankind should not be complacent. The length of the pause and the fate of this misanthropic doctrine now depend on events in Russia. The resurrection of Russia is mankind's salvation.

Border Troops Spokesman Says No Plans To Redeploy Troops in Tajikistan

LD1611133892 Moscow ITAR-TASS World Service in Russian 1157 GMT 16 Nov 92

[By ITAR-TASS correspondent Roman Zadunayskiy]

[Text] Moscow, 16 Nov (ITAR-TASS)—At present, the issue of redeploying the group of Russian border troops in Tajikistan is not being examined. Russian soldiers are continuing to carry out their duties of guarding the Tajik-Afghan border. Major Andrey Aleshin of the press center of the Russian border troops told an ITAR-TASS correspondent this today. He noted that an appeal appeared in the mass media on 14 November by a group of officers serving in the group of Russian border troops in Tajikistan. It requested that the president and parliament of Russia examine the expediency of Russian border troops remaining in this region.

The border troop representative stressed that this appeal is a private one, and the border troop command replies specifically to each such appeal. At present, every measure is being taken to guarantee the security and vital functioning of units and subunits guarding the Tajik-Afghan border.

Envoy to UN Voices Concern on Bosnia-Hercegovina

LD1711140692 Moscow ITAR-TASS World Service in Russian 1705 GMT 16 Nov 92

[By ITAR-TASS correspondent Yevgeniy Menkes]

[Text] UN, 16 Nov—The Russian Federation is very seriously concerned over the conflict in Bosnia-Hercegovina, Yu.M. Vorontsov, Russia's permanent UN representative, stated today [16 November] at an official session of the UN Security Council. Deep anxiety has been aroused by reports of the deaths of thousands of civilians and of flagrant mass violations of human rights and international legal norms, especially the continuing shameful practice of "ethnic cleansing," which has spread like the plague to encompass all ethnic groups of the population.

We hope that contacts and talks between the warring sides will lead to a truly stable cease-fire and to the start of the process of finding a political settlement in Bosnia-Hercegovina, the Russian ambassador went on. For this objective to be achieved, however, strict and full compliance with all Security Council decisions already adopted must be ensured. This is where we see the point and substance of the Security Council's present discussion of the situation in Bosnia-Hercegovina and the draft resolution drawn up by a number of Council members, including the Russian Federation.

Yu.M. Vorontsov recalled that the aim of the sanctions the Council introduced earlier against the Federal Republic of Yugoslavia was to encourage Belgrade to put an end to extremist elements' interference in the Bosnian crisis, and to promote an early settlement of that crisis. The draft resolution being submitted today does not envisage any broadening of those sanctions—this does not feature in it—but only removes loopholes enabling the sanctions to be circumvented (and such circumvention is indeed taking place) and creates a system of effective monitoring of observance of sanctions.

We hope that the government of Milan Panic and all those who back him will vigorously take the specific measures necessary to put a rapid end to the fratricidal conflict and to effectively promote national reconciliation and cooperation between the various ethnic groups in Bosnia-Hercegovina. Progress achieved in this direction will undoubtedly lead to the easing and complete lifting of the sanctions. This is our aim, and the sooner this happens the better.

The Russian representative went on to stress: It is intolerable that people should be killing one another and laying waste to the land of Bosnia-Hercegovina to achieve the political ambitions of some political leaders. All parties to the conflict must understand that there is no alternative to a political settlement of the Bosnian crisis, and that any attempts at a forcible military solution of the problems that have arisen, in particular by way of setting up "ethnically pure states," is a crime before their own people and before all mankind.

Yu.M. Vorontsov said: We support the efforts of those democratic peace-loving forces in the Federal Republic of Yugoslavia which are striving to remove the causes which gave rise to the UN sanctions and which have led to its international isolation. We hope the time will soon come when the Federal Republic of Yugoslavia can take its proper place in the world community.

Stability Essential to New Ties With Europe

PM1711085092 Moscow KRASNAYA ZVEZDA in Russian 14 Nov 92 p 2

[Article by observer Aleksandr Golts under the "Topic of the Week" rubric: "Turning Toward Europe... But It Is Busy With Its Own Affairs"]

[Text] Have you noticed how articles and commentaries on foreign policy topics have somehow lost the military terms that used to be so favored for their dynamism and expressiveness? You no longer find words like "broad diplomatic offensive" or references to a "historic breakthrough." This is not only because journalists nowadays avoid excessive emotionalism. The fact is that a whole era of diplomacy, the era engendered by confrontation and subsequent efforts to overcome it, is passing. At that time tremendous significance was attached to symbolic gestures and statements testifying to the confidence springing up between former adversaries. But now, when everyone is agreed that relations of partnership have become or are becoming established between the leading states of the world, there is simply nowhere to "break through" to. And "diplomatic offensives" must make way for daily, painstaking work to establish not only stable and secure relations, but—first and foremost—mutually beneficial ones.

This springs to mind when you analyze the week's events. For Russian diplomacy, it was a European week. The president's visit to Britain and Hungary and the Russian Federation foreign minister's visit to France certainly indicate that Moscow is turning toward the Old World. The significance of the results of the talks is plain to see. In London a treaty on the fundamentals of relations between the two states, an unprecedented agreement on contacts in the military sphere, and a number of other documents were signed. Both Britain and France made commitments on granting Russia assistance in the elimination of its nuclear weapons.

Of even greater significance, in my view, are the accords reached in Hungary. A solution has at last been found in the protracted dispute over the property of the Soviet troops that were stationed in that country. The sides

came to an agreement on reciprocal payments. Furthermore the visit to Hungary shows—and this is the most important thing—that Moscow seriously intends to overcome the cooling in relations with the so-called postcommunist countries. Apparently both we and they have recognized that our ties are natural and go far deeper than those that were imposed by decree in the past.

All this is, I repeat, extremely important to Russia. But something else is also plain to see. The past week provided evidence that in our foreign policy we are still oriented toward the past, even if only partially so. I am not only talking about the tough words addressed by Boris Yeltsin to the now nonexistent communist regime in the Soviet Union. Maybe this merciless confrontation with the past is necessary to ourselves and our partners. If only in order finally to clear the way for new relations.

But intentionally or otherwise, in our program for building these new relations we are trying to use materials from past years. True, until very recently security problems were the number one issue in international politics. Therefore any step to meet one another in this sphere not only was a very important foreign policy topic, but also formed the basis of mutual relations in other spheres. But now a treaty on conventional arms has been concluded and an "open skies" agreement approved. People have stopped being afraid of us. But let us be frank: Security problems, in whose resolution we played a major part, then promptly receded into the background.

The president is now proposing to the West an alliance against the really serious threat to Europe—bellicose nationalism. But how do you counteract this threat? The old means are patently unsuitable. We would indeed be effective allies in organizing political or even military pressure if a state openly professing a nationalist ideology were suddenly to spring up in the Old World. But there is no such state. What there is, is groups of socially inadequate people, and they are multiplying in the atmosphere of economic recession in the West and the profound crisis in the East. For these people nationalism is the last refuge. And there is no other way to combat this phenomenon than to boost the economy and strengthen social guarantees. But if that is so, what contribution can Russia offer as an ally?

Here we come up against a sensitive issue. By continuing to regard problems of politics and security as the priority issues in our relations with other states, we offer our partners topics which certainly were important. Yesterday. Today, something else is more pressing: "The economy, devil take it!"—it is said that a sign bearing this slogan hung over the desk of Bill Clinton's election campaign chief. I think signs like these are currently circulating around the offices of leaders of foreign policy departments in the world's leading countries. Because it is in the economic sphere that the main national interests are secured nowadays, in the absence of confrontation.

For us, the past week was "Europe" week. For Europe, it certainly was not Russia week. The week's main topic was the threat of an EC trade war with the United States. The main efforts were directed into agreeing on a common stance and somehow avoiding this war. Naturally, Russia, whose exports are declining with no intervention by external forces, cannot act as a partner or ally in these matters. So like it or not we are moving away from the main highways in international life. This is not the diplomats' fault. It is the result of our current economic situation. It cannot be said that efforts are not being made to use foreign policy levers too to overcome this situation. Russia's representatives are persistently talking about the need for support for our democracy from the industrially developed states. And not without success. Our partners are interested in the success of the reforms and are prepared to help promote them. Britain's export credits of 280 million pounds sterling is the latest, but by no means the only, evidence of this.

But let us be frank. Virtually all the industrially developed countries, maybe with the exception of Japan (and we have our own problems with Japan), are experiencing an economic recession. They cannot give more than they have already given. Our integration into the world economy is possible only through private investments. But I do not think talking about a threat to democracy in Russia, or about a coup which is supposedly about to be perpetrated any day now either by the government or by its opponents, is going to make us attractive economic parnters. Who is going to want to invest money in a country where literally everyone believes in the possibility of a slide toward even greater instability than now?

Only stability and consolidation in Russia can provide really durable material for building new relations iwth foreign states. For the present, and Russia diplomacy's "Europe week" has demonostrated this, we are only managing to create the preconditions for such relations. The main work lies ahead.

Details of Military Cooperation Agreement with Hungary

PM1711113192 Moscow KRASNAYA ZVEZDA in Russian 14 Nov 92 p 2

[Report by Sergey Sidorov: "Moscow-Budapest: Military ties"]

[Text] The Russian and Hungarian military departments now have a sound legal basis for establishing long-term military ties. A special agreement on this score was signed by the two countries' defense ministers during Russian President Boris Yeltsin's visit to Budapest.

Hungary had already signed similar documents with Czechoslovakia, Poland, Austria, Croatia, Slovenia, and Ukraine. Until now, however, Russia had had regulated military contacts only with Bulgaria, if you discount the bilateral military treaty concluded with Romania by the former Soviet Union. It is noteworthy that the Russian-Hungarian agreement reestablishes in practice a number

of areas of military cooperation to the level which was typical of them during the time of the late Warsaw Pact.

In addition to general, routine provisions on the exchange of opinions, information, and experience, the new document also envisages highly specific ones, such as the provision of spare parts for and the servicing of Russian-made equipment currently used by the Hungarian Army, the carrying out of target practice by the Hungarian Air Defense Force and Air Force on Russian Federation Ministry of Defense ranges, and the training of Hungarian officers in Russian military educational institutions. However, at present only the general outlines of such cooperation have been defined, and they still need to be filled with specific detail.

Russia will set off the deliveries of spare parts and certain kinds of armaments to the Hungarian Army against one-half of the debt of $1.7 billion it owes to Budapest. This question is regulated by a separate agreement. This could well involve armored equipment, particularly tanks—the Hungarians cannot for the time being afford to purchase such items in the West.

The specific parameters and terms of supply are still not determined. This will be taken up in the near future by specialists of the Russian Federation Ministry of Defense and Ministry of Foreign Economic Relations. And they, like the experts of the Russian parliament, will clearly have to bear in mind one very important factor. Weapons worth $800 million are a serious matter, and they will be supplied to a country which borders on the crisis regions of former Yugoslavia. If the Russian combat equipment serves to strengthen Hungary's security, fine; but it is a different matter if some of it, or the weapons replaced by the new ones, "accidentally" end up in Croatia. In that case responsibility for prolonging the bloodshed in the Balkans could rest on the Russian leaders' shoulders. Unfortunately, there does exist irrefutable evidence of cases of the illegal sale of weapons from Hungary to republics of former Yugoslavia—in circumvention of the UN embargo.

On the whole, the agreement on military ties and the other Russian-Hungarian documents pertaining to military questions are regarded by Russian Federation Ministry of Defense experts and Hungarian Embassy representatives in Moscow as in keeping with the friendly relations between the Russian Federation and the Hungarian Republic.

Government Approves Draft of Nuclear Safety Agreement With Norway

OW1611184692 Moscow INTERFAX in English 1731 GMT 16 Nov 92

[Following item transmitted via KYODO]

[Text] The Russian government has approved a draft of an agreement with Norway on the operative notification of nuclear accidents and on the exchange of information on nuclear power plants. The draft was presented by the ministries of foreign affairs and atomic energy.

INTERFAX learned that the document stipulates immediate mutual notification in the event of any accident in nuclear power plants, ship reactors, and unfinished atomic fuel depositories.

If the agreement is signed, the two sides plan to notify one another of any incidents which could lead to radioactive fallout across their border, or if an exceptionally high level of radiation is registered in either Russia or Norway. At least once a year representatives of the two countries will transfer information to one another on the procedures for operating atomic reactors, as well as technical information which might be used to assess the consequences of accidents at nuclear plants.

According to the text, Norway wants to receive information on nuclear plants located within 300 km of the state borders of Russia, Finland, and Norway - or on the territory of the Karelia, Leningrad, Murmansk, and Kalingrad regions.

Russian Foreign Affairs Minister Andrey Kozyrev has been instructed to sign the agreement during his visit to Norway, which is planned for January, 1993.

Spanish Armed Forces Chief Begins Visit

LD1611235992 Moscow ITAR-TASS World Service in Russian 1633 GMT 16 Nov 92

[by ITAR-TASS correspondent Vadim Byrkin]

[Text] Moscow, 16 November—The official visit of Admiral Gonzalo Rodriguez Martin-Granizo, head of the General Staff of the Spanish Armed Forces, began today.

In an interview to ITAR-TASS he said that the aim of his visit is the "continuation of military cooperation with Russia," which, according to him, will be fruitful. In particular, the Admiral named such trends as exchange visits of warships, the training of officers, mutual consultations, and exchange of expertise.

This evening Gonzalo R. Martin-Granizo will meet Russian Defense Minister Pavel Grachev. Tomorrow the admiral will visit an air force base in the town of Kubinka in the Moscow oblast and the Military Academy of the General Staff. The visit will last until 19 November.

Poll Reflects Leadership Perspective on Friendly, Unfriendly Nations

OW1611145392 Moscow INTERFAX in English 1421 GMT 16 Nov 92

[Following item transmitted via KYODO]

[Text] Today, at the session of the Council on Foreign Policy in the Russian Foreign Ministry, Boris Grushin,

the chief of the Public Opinion Service, has reported about rather unexpected results of an public opinion poll conducted in October. Deputies representing 12 factions of the Russian parliament, ministers, leaders of the parties, representatives of the military command, and other officials believe that Kazakhstan (86%), Federal Republic of Germany (55%), and the United States (44%) show allied or friendly relations towards Moscow. Estonia, Latvia, and Lithuania (correspondingly 70%, 62%, and 58%) experience an unfriendly or non-allied attitude.

Only 5% of the respondents called the attitude of Estonia to Russia an allied or friendly one; 5% of them saw something hostile in the attitude of the United States to Russia.

36% of the respondents believe that Ukraine shows friendly or allied attitude to Russia; 33% assessed its policy as unfriendly or clearly hostile.

Kazakhstan appeared to be the only country whose attitude to Russia the majority of the respondents considered to be an allied one.

Government Adopts 'Urgent Measures' To Stabilize Economy

LD1711040592 Moscow ITAR-TASS in English 2109 GMT 16 Nov 92

[By ITAR-TASS correspondents Ivan Ivanov and Gennadiy Talalayev]

[Text] Moscow November 16 TASS—The Russian Government has adopted a package of urgent measures to stabilise the economic situation in the country.

Vice-Prime Minister Aleksandr Shokhin said the programme aims to "avoid hyper-inflation, excessive production decline and social outrage." The programme also calls for the restoration and development of economic ties and financial support for enterprises facing bankruptcy.

Economist Leonid Abalkin criticised the government for embellishing the economic situation in country, where production decline has reached 20 per cent. Abalkin said hyper-inflation is a real fact, drawing fire from acting Prime Minister Yegor Gaydar, who strongly disagreed with the statement.

The government also discussed a programme of privatisation of state and municipal enterprises in Russia in 1993. Vice-Premier Anatoliy Chubays, who presented the programme, said it aims to "launch popular privatisation" in order to create a wide layer of private owners. He said "small-scale privatisation," which envisions the privatisation of shops and every-day services, is expected to be completed by the end of 1993.

Yeltsin Warns of Response to Leaving Ruble Zone

OW1611172192 Moscow INTERFAX in English 1657 GMT 16 Nov 92

[From "Presidential Bulletin" prepared by Andrey Pershin, Andrey Petrovskiy, and Vladimir Shishlin; edited by Boris Grishchenko—following item transmitted via KYODO]

[Text] Russian President Boris Yeltsin's Press Secretary Vyacheslav Kostikov reports that at Monday's [16 November] meeting of the government, Yeltsin gave voice to the thought that Russia would be within its rights in taking appropriate measures in relation to the transition to national currencies by several Commonwealth states. Yeltsin considers it possible that Russia will therefore ask world prices for fuel from such countries, and require direct payment in hard currency.

INTERFAX has learned from sources within the cabinet that there is talk there regarding oil and gas deliveries, especially to Ukraine and the Baltic states. These sources quote Yeltsin has having said: "If Ukraine has adopted a national currency, let it immediately begin paying for its gas and oil in hard currency." The president cautioned the government against the accumulation of Russia's national debt. "We must show the courage of a great power and significantly reduce the Russian Federation's dependence on loans," he believes.

One of the central questions at the government's session on Monday is the approval of the Ministry of Finance's final draft of a budget for 1993. In Yeltsin's opinion, the preferable level of the deficit (4.8% of GNP) corresponds to the standard practice of civilized countries. "A balanced budget is not realistic," emphasized Yeltsin. The president said that the positive aspects of Russia's financial policies for the coming year were their obvious social orientation, their efforts to support the vulnerable parts of Russia's population and those who depend upon the health of the nation.

The main propositions of the budget being discussed by the government are provided below.

Vice Premier Aleksandr Shokhin, who proposed the draft program of urgent anti-crisis measures (see the Presidential Bulletin of 13 November), was not in agreement with certain practical measures proposed in an alternative anti-crisis program from the Civic Union bloc. He emphasized in particular that "the government cannot return to the practices of state orders, price freezes, and so on," as Civic Union is demanding.

Yeltsin Refuses to Raise Intelligence Budget

LD1611172292 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 1500 GMT 16 Nov 92

[From the "Novosti" newscast]

[Text] At a meeting today chaired by President Boris Yeltsin, the Russian Government discussed Russia's 1993 budget. According to Ministry of Finance calculations, the sum total of state expenditure will not be fully covered by the incoming revenue, and the budget deficit, provisionally, will amount to 4.8 percent of the Gross National Product. Finance Minister Barchuk stressed in particular that the budget is calculated on next year's prices, when inflation is expected to be 70 percent.

Of all the figures cited at the session one can single out the following: 6 percent more resources than in the current year will be allocated to social needs. Defense spending will be gradually decreased, and will comprise 12 percent in place of today's 15 percent. Allocations for development of the agro-industrial complex will rise sharply—also 12 percent of all budget expenditure.

The problem of Russia's mutual relations with CIS countries was also discussed. It was pointed out that Russia loses huge sums every month by trading fuel with them at fixed prices. Given this, President Boris Yeltsin declared that states that leave the ruble zone must purchase Russian Federation oil and gas at world prices. This relates first and foremost to Ukraine and the Baltic states. The president spoke against meeting requests of the Ministry of Security and the Foreign Intelligence

Service to have their allocations increased. He underlined that these departments ought to pay proper attention to saving resources.

Changes in Financial Priorities Outlined

LD1611213992 Moscow Mayak Radio Network in Russian 1315 GMT 16 Nov 92

[Text] Aleksey Ulyukayev, head of the group of advisors to the Russian Federation prime minister, gave a briefing in the Foreign Ministry press center in Moscow today. Correspondent Igor Ternyavskiy is on the line with the details.

[Ternyavskiy] The briefing was held on the results of the latest Russian Government session, at which three issues were discussed: the draft budget message for 1993, the program of urgent measures to improve the economic situation, and the state program for privatization of Russia's state and municipal enterprises in 1993. Ulyukayev stressed that the first issue—the budget message—was the main one, and the head of the Russian prime minister's advisors therefore focused attention on that. This message contains a very important section on the new priorities in financial policy. Here is a brief extract from Ulyukayev's remarks:

[Begin Ulyukayev recording] We are entering next year with a number of changes in financial priorities and mechanisms relating, first, to reducing the proportion of state finances allocated through the central budget. As you know, in accordance with the decisions of the Russian Federation legislators, from 1 January the taxation basis of the budget is being reduced, VAT rates are being reduced—the base rate will be 20 percent, and on a number of articles, in particular food, 10 percent. Therefore, the average rate of payment toward VAT will be slightly over 16 percent. Profit tax is being reduced in connection with (?100)-percent exemption of the means used for investment from the basis of profit tax. As a result, whereas only 14 percent of GNP was paid in the budget system altogether through VAT in 1992, about 9 percent is envisaged for 1993, which is a marked drop. The same is true for profit tax. Whereas this year 9.7 percent was (?received) through it, 8.4 percent is planned for the following year. [end recording]

[Ternyavskiy] The head of the group of advisers to the chairman of the government said that once the budget message is amended, taking into account the suggestions voiced, it will be submitted to the Supreme Soviet in the near future. As regards the other two issues, that is, the anti-crisis program and privatization, they did not give rise to special debates at the government meeting. Participants in the meeting confirmed once again their adherence to the ideology and the concept of reforms which are being implemented by the current Cabinet.

Budgets Being Transferred to Provinces

OW1611181392 Moscow INTERFAX in English 1729 GMT 16 Nov 92

[Following item transmitted via KYODO]

[Text] Next year the practice of transferring power from the center to the provinces will carry over to the financial sector. This was declared Monday [16 November] at a press conference on the results of the government session by Aleksey Ulyukayev, who leads the group of advisors to acting Prime Minister of Russia Yegor Gaydar. He said the Russian Federation will retain only those articles of the budget which "cannot theoretically be transferred to the provinces" like, for example, servicing the foreign debt.

Regarding debts of foreign countries to the former USSR, which now appear to be Russia's concern, Ulyukayev noted that part of the payments had already been made this year through deliveries of goods. Aside from this, negotiations are now being conducted on the sale of certain debts to third countries.

Discussing Yeltsin's remarks at the cabinet session on the need to change to world prices in the trade of energy products with Baltic and CIS states, Ulyukayev explained that the transformation to world prices has already been made in many instances of commodity turnover.

Final Draft of 1993 Budget

OW1611172692 Moscow INTERFAX in English 1658 GMT 16 Nov 92

[From "Presidential Bulletin" prepared by Andrey Pershin, Andrey Petrovskiy, and Vladimir Shishlin; edited by Boris Grishchenko—following item transmitted via KYODO]

[Text] The principal question at Monday's [16 November] meeting of the government is now the approval of the Ministry of Finance's final version of the 1993 budget. The document foresees a significant increase in the budget deficit (from 1.77 trillion rubles to 2.83 trillion rubles) and of revenues and expenditures, by comparison with the first version, which was prepared by the Finance Ministry at the beginning of October.

IF [INTERFAX] Note: The principles behind the latest version of the consolidated federal budget were approved at a session of the government two weeks ago.

The principal recommendations of this latest version of the federal budget for 1993, which will be sent to parliament upon being approved by the government, are as follows:

In 1993, the government intends:

- to follow an active investment policy directed at the restructuring of the economy;

- to reduce subsidies, military spending, and so on;

- to broaden social and investment privileges in the structure of the tax system;

- to preserve a unified ruble exchange rate and gradually work to make the currency convertible;

- to unify tax legislation.

The government will take another look at the principles of taxation and expected budget revenues; in particular, in 1993, it intends to change the rate of value-added tax (VAT) and introduce a division of VAT into three groups, according to the nature of the goods involved. Simultaneously with the reduction of the VAT rate in 1993 from 28% to 20% on most goods (and to 10% on foodstuffs), the government is ready to raise the VAT to 30% on oil, natural gas, cars, and luxury items.

At the same time, the government recommends the introduction of higher tax rates for monopoly enterprises which exceed the established level of profitability. This recommendation would also extend to all similar trade and intermediary enterprises and organizations.

In order to pay off the budget deficit and refinance the government debt, the Ministry of Finance will, in 1993, call for the issuing of short-term bonds: three- and six-month treasury bills. The Finance Ministry also intends to introduce short-term treasury promissory notes. The total volume of such government bonds will be more than 800 billion rubles.

The total revenues for 1993 set forth in the consolidated budget (which includes federal, republic, and regional components) come to 13,089,900,000,000 rubles (the initial sum was 9,436,548,000,000 rubles). The main revenues in the budget, as in 1992, remained, in billions of rubles: value added tax (3725.8), profit taxes (3365.7), excise duties (988.6), and income taxes (683.5).

The expenditures of the consolidated budget for 1993 will total 15,924,000,000,000 rubles (the preceding version's figure was 12,304,922,000,000 rubles). The main expenditures will be, in billions of rubles: state subsidies (1706.1), social needs (4617.7), defense (1912.2), debt service (561.1), and administrative costs (583.1).

Finance Ministry Plans 17.8 Percent Budget Deficit

OW1311194592 Moscow INTERFAX in English 1916 GMT 13 Nov 92

[Following item transmitted via KYODO]

[Text] The Russian Finance Ministry has prepared the final version of the 1993 budget speech which provides for a significant increase in budget revenue and expenditure compared with the first version of the beginning of October. The government has also been compelled to increase the budget deficit from 1,768.4 bn. rubles to 2,834.1 bn.

The final version of the draft consolidated federal budget was generally approved by the government two weeks ago. The finance ministry had prepared the final variation with amendments in time for the government session of November 12th, but it was not debated. The final version is now expected to be debated by a government collegium next Tuesday.

INTERFAX is able to set forth the main provisions of the final version of the draft 1993 budget which, after it is approved by the government, will be submitted for debate by parliament:

In 1993, the government intends to:

—step up its policy on investment for the structural re-organisation of the economy;

—reduce subsidies, military expenditure, etc.;

—increase social and investment tax breaks;

—maintain the only ruble exchange rate and gradually move towards its convertibility;

—unify tax legislation.

The government is to review taxation and the organisation of budget revenues. In particular, in 1993 the government intends to alter value added tax [VAT] rates and introduce differentiation on VAT for three groups of products and goods. Together with reducing VAT in 1993 from 28% to 20% for the majority of goods (with 20% for food stuffs), the government is prepared to raise VAT for oil, natural gas, automobiles and luxury items to 30%.

The government will, simultaneously, increase tax rates for monopolist enterprises which exceed the established level of profitability.

In order to cover the budget deficit and re-funding of the state debt, the finance ministry will launch short-term state securities in 1993: three- and six-month treasury bills. Short term treasury bonds will also be launched. The overall expenditure on the launch of securities by the government will be over 800 bn. rubles.

Finance Minister Says 6.5 Percent of GNP

OW1511174092 Moscow INTERFAX in English 1610 GMT 15 Nov 92

[From the "Interfax Business Report"—following item transmitted via KYODO]

[Text] Russia's republican budget deficit in 1993, according to preliminary data, should total over 6.5% of GNP, announced Russian Finance Minister Vasiliy Barchuk. According to Barchuk, next year's budget proposal will be considered by the government on Monday and then be submitted to parliament after revisions are made.

Barchuk also said that the sharp drop in the ruble's exchange rate over the past two to three months is due to ruble injections from Commonwealth countries. According to the Finance Minister, the current exchange rate is artificially low when one takes into account that since the beginning of the year about 1 bn 100 mn dollars were sold on the currency exchange and that over 20 bn dollars are now in circulation due to Russia's foreign trade.

Yeltsin Signs Decree on Industry Policy

LD1611174692 Moscow ITAR-TASS World Service in Russian 1545 GMT 16 Nov 92

[Text] Moscow 16 Nov (ITAR-TASS)—Russian President Boris Yeltsin signed a decree today "On measures to implement industrial policy during privatization of state enterprises." The president's press service reports that according to the decree, the state retains its positions of command in a limited economic sphere and for a limited period.

Securing as federal property the controlling blocks of shares of enterprises undergoing privatization for a term of up to three years is permitted only with regard to enterprises engaged in the following: communications; the production and distribution of electricity; the production, processing, and sale of oil and natural gas; the mining and processing of precious metals, precious stones, radioactive and rare-earth elements; the development and production of weapons systems and ammunitions; the production of spirits and liqueurs; and also certain other enterprises.

When the controlling blocks of stock of enterprises undergoing privatization are secured as federal property for a term of up to three years, all shares that make up these blocks are ordinary (voting) shares and are placed at the disposal of the appropriate committee in charge of administering property, until the expiration of the aforementioned term, or until a decision is made on their sale.

In remaining sectors, private property should become prevalent in the very near future.

Central Bank To Begin Ruble Stabilization Policy

LD1311195292 Moscow ITAR-TASS in English 1850 GMT 13 Nov 92

[By BUSINESS-TASS]

[Text] Moscow November 13 TASS—Heads of the Russian Central Bank have decided today to begin a tough policy of the rouble exchange rate stabilization at the current exchange rate level.

Thanks to the Central Bank efforts, the dollar exchange rate will not exceed 500 roubles to one dollar till the end of 1992, reliable sources at the Russian Central Bank told ITAR-TASS.

Analyzing the bank's abilities to stabilize the exchange rate, experts say alongside the increase of traditional hard currency interventions at the exchange, real steps may be taken to limit the monetary-credit emission, introduce the 100-per cent sales of export proceeds at the interior market and distract a considerable amount of roubles at the expense of the planned release of state loan obligations in December, 1992.

When taking the decision, the Russian Central Bank heads based on the opinion of the Russian public and specific representatives of the business community the current exchange rate does not correspond to Russian potential abilities.

Chairman of the Foreign Trade Bank Board Valeriy Telegin told the closing ceremony of an international conference on banking in Russia "it is necessary to establish a much higher real investment rouble exchange rate to the dollar to equal rights of Russian and foreign investors".

At the same time, independent experts believe, it is hardly possible to naturally change the tendency of rouble weakening in so short a time. They do not exclude the situation may force the Central Bank to take measures on artificial limiting the hard currency demand.

Bank Official on Plans To Tighten Fiscal Credit Policy

OW1511175192 Moscow INTERFAX in English 1612 GMT 15 Nov 92

[From the "Interfax Business Report" feature—following item transmitted via KYODO]

[Text] The government and Central Bank of Russia's (CBR) strict fiscal-credit policy which accompanied the lag in the growth of money in circulation relative to prices, caused debts in Russia in the first half of the year to grow by 80 times, reaching a total of 1.3 trn [trillion] rubles at the beginning of July. In addition to this, national banks of republics in the former Soviet Union have conducted differing credit policies, which increased the growth of mutual debts among enterprises in different republics. This is one of the primary problems concerning economic relations among countries in the ruble zone. In an interview with INTERFAX, deputy chairman of the Central Bank of Russia, Vyacheslav Solovov, explained the bank's plans to tighten Russia's credit policy in the ruble zone.

Due to the fact that Russia had a strict fiscal policy for the first half of 1992, republican enterprises were unable to pay off their business partners in the other former republics of the Soviet Union, the deputy chairman said. In the interests of the country, the government was forced to liberalize its credit policy and change the accounting system with countries in the ruble zone. According to a Russian presidential order, as of July 1 1992 all accounts must go exclusively through other republics' major bank's corresponding accounts in the

Central Bank of Russia. Payments from these accounts shall be made strictly in relation to revenues coming into the accounts.

Russia Issued 400 Bn Rubles of Technical Credits

Solovov explained, however, that since Russian enterprises could still not pay up, additional credits had to be granted. This was done to allow the amount of revenues coming into Russia from another state in the ruble zone to exceed the amount of revenues on the state's corresponding account in the CBR worth the value of the technical credit granted to that state.

From July 1st through November 3 1992, countries in the ruble zone used over 400 bn [billion] rubles worth of technical credits from the CBR.

(in bn rubles) Azerbaijan ...5 Latvia ...0.3 Armenia ...12 Lithuania ....3 Belarus ....51 Moldova ....5 Georgia ....17 Tajikistan .....6 Kazakhstan .....100 Turkmenistan .....20 Kyrgyzstan .....9 Ukraine .....150 Uzbekistan 17

In addition to this, Russia signed interstate contracts with all ruble zone countries on accepting payments only worth as much as was left on corresponding accounts in the CBR. But, according to Solovov, many CIS republics, especially Ukraine, Kazakhstan and Belarus, violated these agreements and as a result, from July 1st through November 1st, Russia received over 500 bn rubles more in revenues than what the republics had agreed to pay. Basically, central banks in other republics issued rubles without bothering to agree upon emission limits with the CBR.

The government and the Central Bank of Russia, Solovov said, do not plan to let this money go through corresponding accounts (the CBR will refuse to pay the checks). The bank will not increase the volume of technical credits by the corresponding amounts from the states in the ruble zone. In the worst case this would mean that Russian enterprises got interest free credits, which goes against the country's fiscal policy.

Volume of funds rejected by the CBR

(in bn rubles): Azerbaijan ....28 Latvia ....2 Armenia ....0 Lithuania.1 Belarus.0 Moldova.4 Georgia.0 Tajikistan.1 Kazakhstan .....17 Turkmenistan .....7 Kyrgyzstan .....0 Ukraine .....225 Uzbekistan 20

(About 20 bn rubles and 200 bn rubles have already been sent back respectively to the National Banks of Belarus and Ukraine.)

The CBR Could Issue Additional Credits

Getting Russian enterprises back in the black is a key factor to solving the problem of interstate payments. According to Solovov, this could be possible if enterprises start bringing their price policies in line with current expectations.

The deputy CBR chairman is also in favor of liberalizing credit policy for "efficient enterprises." He announced that according to financial experts, Russian enterprises will need an additional 1 trn rubles to settle accounts among themselves and their partners from other ruble zone republics. But Solovov emphasized that the CBR will check with parliament and the government before issuing any additional credits.

Solovov has also said that any remaining funds in corresponding accounts at national banks could be registered as state credits.

The New Tougher Policy Towards Other National Banks

According to Solovov, until payment problems have been solved, the CBR has recommended that Russian enterprises deliver goods to countries in the former Soviet Union only on terms of pre-payment.

Solovov says that the CBR is planning to tighten its demands on national banks in the ruble zone and to reject money orders and checks from them if the banks have no money on their CBR corresponding accounts.

The deputy CBR chairman thinks it would be worthwhile to conduct an interstate audit of mutual claims as of July 1 1992.

Functions of the Interstate Bank

Solovov reported that experts from the nine CIS republics which signed the agreement to keep the ruble as the only acceptable form of payment in mutual accounts (creating the ruble zone), and representatives from Ukraine, Georgia and Azerbaijan, have developed a preliminary draft of an agreement on founding the Interstate Bank. The final draft of the agreement will be finished in November and submitted to the leaders of 12 countries in the former Soviet Union (excluding the Baltic republics) at the meeting of heads of state December 4th.

According to Solovov, the experts agreed that the Bank should mainly organize multilateral accounts for states in the ruble zone (and for other states which use the ruble for interstate accounts), and help coordinate fiscal-credit policy at national banks.

Solovov also said that the bank would handle multilateral accounts among national banks in the ruble zone on a clearing account basis. Accounts among enterprises will be kept according to international norms.

The CBR deputy chairman reported that the Interstate Bank would keep accounts in rubles, hard currencies and the currencies of the founding banks' states. Presumably Russia will own 50% of the Interstate Bank's founding capital, since no one founder may hold more than 50% of the capital. The number of votes on the bank's executive board shall be calculated according to the state's share in the founding capital.

Deputy Premier Chubays on Privatization Progress

PM1311163992 Moscow ROSSIYSKIYE VESTI in Russian 13 Nov 92 p 7

[Nikolay Gorlov "Opinion": "The Foundation of Popular Privatization Has Been Established, Vice Premier Anatoliy Chubays Believes"]

[Text] The basis for such an optimistic statement by the chairman of the State Committee for the Management of State Property was a summary of the preliminary results of the privatization process and the campaign to distribute privatization checks. As of today, 5,603 of the largest enterprises in Russia have submitted privatization applications. These enterprises employ about 15 million people. Together with family members, in A. Chubays' opinion, this is the largest social group to express its support for the government's reform course through its voluntary participation in the issuing of shares.

The vice premier termed the actual process of issuing privatization checks satisfactory, although only about 13 percent of them have been distributed to date. A. Chubays believes that this is an acceptable result for the launch month. Meanwhile the rate of check distribution must be sharply increased in the time remaining before the end of the year, otherwise critical situations are possible by then. The State Committee for the Management of State Property sees no grounds for extending the previously planned time frame for issuing checks—the issuing process should be complete before 1 January. An exception has been made only for Chukotka and some other distant regions, where checks will be issued by next March.

A delay in issuing checks could disrupt the tight but entirely realistic timetable for privatization. There are no objective or valid reasons for this. In particular, regarding the establishment of a property base, there will be a sufficient supply of facilities for sale, in A. Chubays' opinion, within the set time frame. By 1 December—the date when the privatization checks officially become valid—most privatized enterprises will be transformed into joint-stock companies, and by 1 January this process will on the whole be completed.

From what he said A. Chubays sees no political reasons that could put the brakes on the privatization process. The reform program has the full support of the Russian Federation president. Regarding alternative programs, they are becoming increasingly similar to the one espoused by the government. For example, Civic Union has practically abandoned its previous idea of postponing mass privatization and restricting itself to 100 showcase examples. Right now they are merely talking about "withdrawing" these 100 cases from the general flotation process.

Denies 80 Percent of Enterprises Bankrupt

OW1511141792 Moscow INTERFAX in English 1332 GMT 15 Nov 92

[Following item transmitted via KYODO]

[Text] Russia's Deputy Prime Minister Anatoliy Chubays has told IF [INTERFAX] that there are 10% to 20% of bankrupt enterprises in the country now, not about 80%, as some of his opponents claim. According to Chubays, this circumstance will guaratee the securities market against collapse when numerous facilities turn into joint-stock societies. The market would be liable to collapse if most securities in circulation and on sale in it were shares belonging to bankrupt enterprises.

In the meantime, Chubays went on to say, Russia will have to face the possibility that newly privatized enterprises will go bankrupt. However this will pose no tragedy for the stock holders, because, if the worst comes to the worst, they'll still own the property of their enterprise, which they can sell and receive a dividend in this way.

Chubays dismissed the allegations that it's necessary to ensure economic recovery at first and make enterprises profitable before privatizing them. "This is unserious and unprofessional, since without private property the economic situation cannot be improved", said the deputy premier.

Poltoranin Interviewed on Reform Process

LD1711010792 Moscow Russian Television Network in Russian 2049 GMT 16 Nov 92

[Inteview with Deputy Prime Minister Mikhail Poltoranin by correspondent V. Fomenko, in the hall outside the Supreme Soviet in Moscow on 16 November—recorded; from the "Vesti" newscast]

[Text] [Fomenko] What is the main hope now for those who would like to support reforms, and what guarantees [word indistinct] for the future can the Russian Government offer?

[Poltoranin] This year, which we have spent in carrying out reforms—a year has almost passed—has not, in fact, seen deep reforms. We have only been engaged in approaching reforms, regrouping forces, and creating some kind of infrastructure to eventually make them work in a substantial way. You know that we have approached this stage and that large-scale privatization is now starting. We have hopes in this privatization; we hope that a powerful stratum of owners, a real class, if you like, will appear, something that will make these reforms irreversible. We reckon that precisely thanks to privatization, thanks to conversion, which is also under way today, the volume of production will start going up and growing, since today, already the slump has decreased—I am speaking about Group B, not Group A, not the military-industrial complex. And the main thing perhaps—we discussed the anticrisis measures of the

second stage at a recent government meeting—is that reforms are clearly turning toward social problems and their solutions. Yes, we had difficulties, we had to stabilize the financial system, and today, we see that the ruble has started to work. Since the ruble has started to work, one could relax a bit and allow people to catch their breath a little. You already know that the government has decided to reduce value-added tax on food considerably as of 1993. We plan to give greater help to families with many children, single mothers, and so on. That is, the social angle of reforms that we have spoken about and which we knew was necessary but simply lacked financial means to implement, is being implemented today.

[Fomenko] Mikhail Nikiforovich, at one time the press did a good deal to help the democratic movement gain strength and stand on its own feet. These days, following the victory of democracy, the press has found itself in a very difficult situation. Will there be any way out of this financial impasse, any help to the press?

[Poltoranin] Well, I would not say that it is in such a difficult situation, because those state structures, specifically our television and radio companies—and you represent a state television and radio company—are surviving, after all. And those independent publications that experience difficulties and, unlike state ones, cannot get direct subsidies, they, too, get subsidies from us through the ministry. After all, in principle, almost 60 million rubles have been spent on the mass information media throughout Russia this year. Just ponder this figure—60 million—and you will realize what an enormous amount it is. Were part of this sum allocated to pensioners and families with many children, it would be of great assistance to them. Nevertheless, the state adheres to a policy of support for the mass information media, support for the fourth estate, and naturally this estate has already asserted itself and become strong.

Only one thing is required of us today: that we work in a more attentive and cultivated way, as the saying goes. You heard criticism leveled at us at this meeting of democratic forces, and this criticism was objective and correct when it mentioned that the press ignores changes in society and exacerbates the situation. But even from those facts that were quoted at today's meeting, one can see that reforms are under way and that many interesting things have already been done. And if we showed people these interesting achievements and the search conducted by those who have boldly stepped into reforms and do not want to turn back, many people who cannot find their place today would understand that here is the way and the light at the end of the tunnel, which we are constantly mentioning.

[Fomenko] Mikhail Nikiforovich, you mentioned today that part of the Civic Union program is currently being carefully examined by the government and ministers, but it has not been long since the leaders of the Civic Union voiced their opinion at a meeting with the president that they would like to replace certain government ministers. This included naming an alternative to yourself. How do you see such statements and to what extent do you think they could have a serious impact on the president's decisions on this issue?

[Poltaranin] I am quite unruffled, as they say, in looking at these proposals, since every deputy, every association or society can and indeed has the right to demand the replacement of cabinet members. The only thing of interest here, and no doubt you noticed it, is the fact that all these forces are made up of the same people, and these people constantly drift from one group to the next, first one is set up, then another, and they all center on two names: Burbulis and Poltoranin. When they criticize reform, the economic work of the government, they nonetheless mention the names of two people who really have nothing to do with economics. Burbulis is not even in the government, and Poltoranin, as you know, deals with the mass media. In other words, they lay themselves open, they do not need a line of any kind, although they do really; they need people who are defending the reforms and can be found at the source of these reforms.

Civic Union, however—I have the program with me, exactly what Volskiy gave me—has these points on strengthening state control over production, and it is these points that have already been discussed in the government and amendments are proceeding in this direction. But there are points that are not acceptable at all. Namely, reversion to full control over prices and salaries, over this and that—that is, to things from which we have long been moving away. I believe this program would have been very good in 1987. Had we started along the lines suggested in the program back in 1987, we would already have achieved much. It has come several years too late.

[Fomenko] Do you believe that you have enough support to implement economic reform, and is it a guarantee for future stability?

[Poltoranin] I certainly do not rely on just one meeting, although this meeting has also been quite telling. We rely on the information we have, on our trips to Russia's regions; I, as well as other members of the cabinet, have been on such trips. We can see that the situation is difficult, and we have been saying all along that it will be difficult for a year, a year and a half; maybe even in two years' time we shall not be considerably better off. But we need at least another three months now, so that reforms will materialize and so that the production of consumer goods, foodstuffs, and so on, is stepped up.

We can see that people are working, things are looking up. Those people who would like the reform process to stop, you can see that they are the same people all along. They are in Civic Union, they are in the Federation of the Independent Trade Unions of Russia, those same people have set up the National Salvation Front, as well as some other groups. They are scum, you know; the water keeps flowing, and they are being thrown this way and that. They have no future, and this has been borne

out by recent events, when they were clamoring on the eve of 7 November. Then, throughout Russia, just 115,000 people attended the rallies to commemorate the October revolution, that is to say, under 1 percent of Russia's population. So there you are, here are the figures, here are the processes under way now.

Yeltsin Chairs Meeting With Local Administration Heads

Says Territories' Share of Budget to Rise

OW1711111892 Moscow INTERFAX in English 1100 GMT 17 Nov 92

[Following item transmitted via KYODO]

[Text] Opening a Kremlin meeting of the heads of local administrations on Tuesday [17 November], President Yeltsin stressed the necessity of the speedy approval of the budget. He said the share of territorial budgets in the federal budget should be increased. This applies both to spending and revenue. The share of territories in the draft budget discussed by the cabinet on Monday is 40%. The figure should be increased to 50%, the president said, because this will allow territories to exert greater influence on the process of economic reforms.

On the economic situation he said the system of tax inspections started functioning normally last September and October. He supported the idea of several participants in the meeting to decentralize the pension fund and suggested giving territories the right to introduce local taxes.

(More about Yeltsin's meeting with the heads of local administrations in today's issue of the Presidential Bulletin.)

Local Leaders Urge Yeltsin To Stand Firm

LD1711121792 Moscow ITAR-TASS World Service in Russian 1140 GMT 17 Nov 92

[Text] Moscow, 17 Nov (ITAR-TASS)—Boris Yeltsin, president of the Russian Federation, and leaders of local administrations had a meeting today. The Russian president's press service has reported that at the meeting they discussed the preparations for the upcoming Congress of People's Deputies, the course of the economic reforms and ways to end the crisis, as well as the drafting of the state budget for 1993.

Boris Yeltsin said that reforms are irreversible. He noted that the adoption of the state budget for 1993 is a very pressing matter and spoke in favor of increasing the share of local budgets within the consolidated budget.

The heads of administrations have assured the president that they are determined to follow the reform path. Speakers have qualified the activity of the Supreme Soviet as unconstructive and urged the president to be firm.

Gaydar Discusses Congress Agenda

LD1711111592 Moscow ITAR-TASS in English 0852 GMT 17 Nov 92

[By ITAR-TASS correspondent Aleksandr Krasulin]

[Text] Moscow November 17 TASS—Two main items on the agenda of the forthcoming Congress of People's Deputies will be of fundamental importance for the government. They include the rights and powers of the Russian president and amendments to the article of the Constitution related to the Russian Government," [no opening quotation mark as received] this was stated by acting Chairman of the Russian Government Yegor Gaydar, who addressed a working session of the Russian Government during its meeting with heads of administrations of the country's territories, regions and autonomous republics.

"If the rights and powers of the president were undermined by the Congress, this would substantially complicate the work of the executive authorities, and if a corresponding article, relating to the government, was amended, it would be difficult to imagine the government's further work," Gaydar said. "If this were to happen, somebody else would have to come and disentangle the tangle," he added.

Gaydar told the government session, which was held on Monday, that a decision was made to draw up a presidential decree, delegating a part of the federal rights to local authorities. "It is the task of local administrations to take an active part in adding substance to the decree," Gaydar said.

In his opinion, it is expedient to transfer to the local administrations some of the higher educational establishments, for instance, agricultural, pedagogical and cultural institutes, as well as several other institutions that mainly serve the given regions. "The federal authorities," he said, "will only have to finance establishments linked with defence, fundamental research, as well as law enforcement bodies, juridical organs, the servicing of domestic and external debts, as well as several programmes relating to basic branches of the economy."

Yeltsin Meets Legislators; Denies Plans for Presidential Rule

OW1711143392 Moscow INTERFAX in English 1411 GMT 17 Nov 92

[Following item transmitted via KYODO]

[Text] During his meeting with the members of the Russian parliament's Council of Nationalities on Tuesday [17 November], Boris Yeltsin denied the rumours about the introduction of direct presidential rule and the dissolution of the Congress of People's Deputies and of the parliament. "Do you really think that the president may violate the Constitution?" he

asked. "But if the congress decides to reverse the reform, the president will have to defend the will of the people," he added.

"I can say with confidence that I will accept no bargaining in what concerns the reform. Nor is there any use in arguing about the cabinet members," he went on to say. He said, however, that "in terms of planning," individual members of the Cabinet must be replaced. He categorically rejected all attempts to interpret such a move as a manifestation of weakness.

Gaydar, Khasbulatov, Travkin View Upcoming Congress

LD1611193992 Moscow Mayak Radio Network in Russian 1645 GMT 16 Nov 92

[Text] The Seventh Congress of People's Deputies begins in two weeks and at present, the main goal is to conduct it purposefully for the benefit of all of us. Leaders of the most diverse political groups are trying to find areas of agreement in their views. I would like you to listen to the opinions of three people who are well known in Russia: Ruslan Khasbulatov, Yegor Gaydar, and Nikolay Travkin, governor of Shakhovskoy rayon near Moscow.

[Begin recording] [Khasbulatov] We must act strictly in accordance with the Constitution, whether it is good or bad. I do not like the Congress either, but it exists and it functions in accordance with the Constitution. Therefore, we must endow this Constitution with a content that would be more appropriate to the changing situation and work on completing a new valid constitution. And finally, we must stop promising that the situation will improve in a week, by the end of the year, in a quarter. This is also unnecessary. In my view, and according to experts, we will have to live through two to three pretty hard years. And in this period, we must find support in each other; we must learn to agree and go ahead like this. We have a very difficult situation in the North Caucasus. A difficult situation might also arise in other spots. And the more we look for opponents of the reforms instead of tackling serious problems, the further off the aims for which we strive will be.

[Gaydar] The government has of course been given this image of a brainless body, consisting of ultra-liberals who do not understand a thing in life and whose only concern is to make as much fuss as possible. I must truly say that we certainly do not think that the best solution to any situation is to jump into the water and see what happens. I think that we have every reason to work normally and constructively. But, what I do agree with is that a market economy must be managed and that today our main goal, now that we have started reforms and somewhat changed our reality, is to work out and form a number of institutions that would make it possible to manage a market economy in a normal way. We must use the array of levers that are at our disposal to help our national economy to adapt and to take advantage of the opportunities provided by the market rather than sitting and wondering when the market will put everything in its place.

[Travkin] When I listen to Yegor Timurovich I want to throw my arms around his neck and say: Everything is perfect; everything is fine. When we listen to the president—he has been touring Russia—people are ecstatic. Come on, we are backing him all the way. However, when Rutskoy goes touring, it is as if he has been to a different Russia. When we go to the provinces it is like a different Russia. But Russia is one. In this hall, we can talk peacefully, hug each other, and say that everything is fine and nothing needs to be changed. Once we are outside in the street, damn it, something has to be changed. So, adjustments must be made, and everyone agrees with that. This is why the Congress will convene. But before the Congress, people must see that there are allies, not enemies—Khasbulatov against Yeltsin, or pairing up with Gaydar—that unity of opinions is possible at the top, and that this unity is emerging to allow us to move forward. [end recording]

Yeltsin Includes Central Bank Chairman in Government

OW1611192592 Moscow INTERFAX in English 1858 GMT 16 Nov 92

[Following item transmitted via KYODO]

[Text] According to a decree from Russian President Boris Yeltsin, Chairman of the Central Bank Viktor Gerashchenko has been made a member of the Russian Government, reported the president's press service to INTERFAX Monday.

Discussing the president's decision, authoritative experts and lawyers pointed out that in issuing the decree, the head of state could proceed on Article 123 of the Russian Constitution. It states that the president, upon proposals from the prime minister, can include in the government staff not only its head, deputies, and ministers, but also "leaders of other organs and organizations of the Russian Federation."

In an interview with INTERFAX Chairman of the Russian parliamentary Committee on Legislation Mikhail Mityukov said the president's decree lacked legal foundation, since it contradicts the law on banks. According to the law, the Central Bank is accountable exclusively to parliament. Mityukov believes the president's decree could be appealed in the Constitutional Court.

Kozyrev Addresses Foreign Policy Council Meeting

Seeks Improved Ties With West

LD1611130492 Moscow Russian Television Network in Russian 1100 GMT 16 Nov 92

[From the "Vesti" newscast]

[Text] A sitting of the Council for Russia's Foreign Policy is being held today. Russian Foreign Minister Kozyrev stated a main task facing Russian foreign policy is to form good relations with all states along the Russian border. The Foreign Policy Council is represented not just by professional diplomats but also by people's deputies, government members, scientists, even clergy. This is a sort of a think-tank geared to work out recommendations for the Russian foreign policy department. Speaking at the Council, Kozyrev said that following the recent official visits by Russian leaders the time has come for Russia to form allied relations with Western countries.

[Begin Kozyrev recording] In fact all Western capitals have correctly understood that what is involved is not an alliance in the sense of a new military-political bloc which opposes the surrounding world but an alliance geared to protect values common to humanity. Specifically, I think they support the idea of joint opposition to a new threat of aggressive nationalism. [end recording]

Regarding Russia's closest neighbors, Kozyrev stressed that Russia is playing a special role and bears special responsibility in the CIS area. He believes Russia is facing the following tasks in this field: preservation of its military presence in accordance with the rule of law; joint defense of CIS borders; formation of a common economic space; and protection of human rights, especially those of the Russian and Russian speaking population.

Stresses Good Relations With Neighbors

LD1611160792 Moscow ITAR-TASS in English 1524 GMT 16 Nov 92

[By ITAR-TASS diplomatic correspondent Sergey Nikishov]

[Text] Moscow November 16 TASS—The shaping of a belt of goodneighbourliness along all the Russian borders is one of the main tasks of Russian diplomacy. Russian Foreign Minister Andrey Kozyrev said this addressing the Russian Council on Foreign Policy held in the Russian Foreign Ministry building on Monday [16 November]. Members of the council, including prominent Russian scientists, members of parliament, representatives of political parties and entrepreneurs, discussed problems of shaping the Russian foreign policy in the framework of the CIS and with regard to former union republics.

Inaugurating the meeting, Kozyrev said that Russia is transferring to "mature partnership" with democratic, dynamicaly developing countries with prospects for establishing relations of allies with them. He said the image of new Russia capable of protecting its interests in interaction with other sovereign countries, not through confrontation, begins to take hold. Russia's ideas of joint opposition to the menace of aggressive nationalism and of transfer from humanitarian technical aid to a joint strategy of interaction and partnership met with support. Russia has neither pro-American, nor pro-European leanings in its policy, the minister said. At the same time, regarding the Russian president's forthcoming visits to South Korea and later to China, India and Japan, Kozyrev described Russia's presence in the Asia-Pacific region as an element of global and regional balance.

Kozyrev said the task of forming the Commonwealth of Independent States is most difficult. He said the better Russia's relations with other countries, the greater Russia's influence in the CIS. On the whole, there is a view that Russia plays a special role and has special responsibility in the CIS zone, the minister said.

During the debate, members of the council said that the CIS zone is an area of the application of long-term Russian interests and merits special attention. Academician Georgiy Arbatov, director of the Institute of the U.S. and Canadian Studies of the Russian Academy of Sciences, said that Russia must prove that it has no imperial aspirations. Only then can Russia count on benevolent attitude of neighbours.

The council also discussed problems of the development of economic relations with republics of the former USSR and the Russian Army's role in new conditions. The results of the debate should be taken into account in the concept of the Russian foreign policy now worked out by the Foreign Ministry.

Vice President Rutskoy Begins Trip to Eastern Oblasts

LD1611151392 Moscow ITAR-TASS World Service in Russian 1250 GMT 16 Nov 92

[Report by ITAR-TASS correspondent Vasiliy Titov]

[Excerpts] Orenburg, 16 Nov—Today Russian Vice President Aleksandr Rutskoy started a four-day working trip around three eastern oblasts of the Russian Federation: those of Orenburg, Omsk, and Irkutsk. [passage omitted]

This morning the Russian vice president had a meeting with the administration of rayons and heads of enterprises of Orenburg oblast. Speaking at the conference, the Russian vice president stressed that the costs being borne by the country today are the consequence of a number of mistakes made during the initial stage of reform. By this he meant primarily what he called the hasty liberalization of prices. No measures should be taken precipitately, he stressed. In such an enormous country as Russia, this is impossible. According to him, today the Russian leadership is prepared to correct its reform course, and this is to happen at the beginning of next year. [passage omitted]

Discusses Need To 'Correct' Reforms

OW1611144392 Moscow INTERFAX in English 1420 GMT 16 Nov 92

[Following item transmitted via KYODO]

[Text] On Monday [16 November] Aleksandr Rutskoy, the Russian vice president, began a 3-day tour to the cities of Orenburg, Omsk, and Irkutsk. He intends to meet with the heads of administrations, workers and employees of the agrarian-industrial complex, law enforcement structures, and military personnel.

In Orenburg at the meeting with the workers of the Syrtinsk joint-stock company on the production and processing of the agricultural production, Rutskoy spoke about the necessity to correct the reforms. He made it clear that his position had been coordinated with the position of the president, because at the congress of the union of industrialists and businessmen on November 14 Boris Yeltsin recognized the necessity to correct the reforms.

According to the vice president, "following the congress the reform process will be oriented on the human interests."

"Correspondingly, the life will become easy, but this does not mean that the stabilization of economy will take place," the vice president said. He called to focus attention on the development of domestic capabilities "but not on the help of the West which does not need competitors."

Voices Opposition to Single Ruble Zone

OW1611144492 Moscow INTERFAX in English 1420 GMT 16 Nov 92

[Following item transmitted via KYODO]

[Text] Aleksandr Rutskoy, the Russian vice president, opposes the further preserving of the single ruble zone on the territory of the former Soviet Union "because the Baltic states, Ukraine, and, possibly, Kazakhstan are introducing their own currencies." He addressed the meeting of the representatives of the authorities and public officials in Orenburg.

According to Rutskoy, the ruble mass of these countries will rush to Russia and will finally undermine its financial system. "Russia must introduce its own currency,—Aleksandr Rutskoy believes.—We must put an end to jokes with the ruble and we shall see who upon who will depend." [previous two sentences as received] The vice president has not supported the idea of the creation of free economic zones in the country calling them "an economic utopia". There should be normal economic relations in the society as a whole and territorial economic programs, Rutskoy says, then the leaders and administrations of different regions will have more independence and rights in the formation of their own budget and in adopting their own decisions."

Sees Need To Relax 'Radicalism' of Reforms

LD1711133592 Moscow ITAR-TASS in English 1254 GMT 17 Nov 92

[By ITAR-TASS correspondents Anatoliy Petrov and Vasiliy Titov]

[Text] Omsk November 17 TASS—"Our society acutely feels the need to relax the radicalism of our reforms. The time has come to impart a liberal socially-oriented character to the reformation process," Russian Vice President Aleksandr Rutskoy said at Omsk airport today. He is paying a one-day visit to this Siberian city in the course of his working tour of several eastern regions of Russia.

According to Rutskoy, he plans to study the current socio-political situation in Omsk, to seek regional potentialities for resolving the problems cropping up in the course of the reforms. The vice president will inform Boris Yeltsin about the results of his trip.

Problems of organising the agro-industrial complex were in the focus of Rutskoy's talks today with leaders of local enterprises and associations, specialising in the processing of farm produce, as well as with representatives of law enforcement bodies and military units, deployed on the territory of Omsk region. In Rutskoy's opinion, reforms in the agro-industrial sector should be intended to provide the population with sufficient quantities of food products at reasonable prices. This problem, he believes, should be resolved in several ways. First of all, by using new technologies for processing and storing farm produce, by lowering the level of crop losses. Rutskoy said that it was necessary to alter the export and import policy. "It is abnormal that we are now buying food products for the money we get for our raw materials on the world market, although we are fully capable of producing these products ourselves," he stressed. Moreover, the vice president believes it is necessary to improve substantially the system for financing agriculture. "If we want to save our financial system," he noted, "we must carry out a financial reform. Furthermore, Russia must seriously revise its stand on the problem of the single rouble space. Unilateral actions by states that are against such a space, will only raise the level of inflation in Russia. We must analyse also our policy in price formation."

Speaking about prospects of the Seventh Congress of People's Deputies, Rutskoy noted that it should be held without fail. "However," he said, "it must be well prepared so that it would not share the fate of the sixth congress. Russia has only one road—the road of reforms meeting the interests of our society and man."

In the afternoon Rutskoy visited the Omsk machine-building society, a major defence enterprise, now going over to civilian rails. He inspected the plant's latest production, talked to its managers and workers.

The vice president is to meet students of Omsk State University today evening.

Grachev Cites 'Major Theft' in Decree on Weapons

LD1611154792 Moscow ITAR-TASS World Service in Russian 1343 GMT 16 Nov 92

[Report by ITAR-TASS correspondent Vladimir Gondusov]

[Text] Moscow, 16 Nov—"I have prepared and circulated a directive to the troops ordering that all weapons that are not in combat subunits are to be handed in to storage facilities. This concerns supply and service subunits, civil training establishments with military faculties, as well as those departments where these weapons are not well protected and are not used every day in practical exercises." This was stated in an exclusive interview with an ITAR-TASS correspondent by Army General Pavel Grachev, Russian Federation defense minister.

According to the defense minister, he was forced to take such strict measures by the increased interest in weapons on the part of the criminal stratum of society, and "the last straw" was the major theft of weapons and ammunition at a Ministry of Defense military institute. As far as arms and ammunition dumps are concerned, weapons have remained at places where their protection is fully guaranteed, Army General Pavel Grachev said in conclusion.

Grachev Denies Demanding New Oath of Allegiance

LD1611121292 Moscow ITAR-TASS in English 1119 GMT 16 Nov 92

[By ITAR-TASS correspondent Roman Zadunayskiy-TASS]

[Text] Moscow November 16 TASS—"I have issued no instructions on taking a new oath of allegiance by the Army's personnel, including officers of the Russian Federation. No new oath of allegiance has been taken and nor is one expected to be taken," Russian Defence Minister Pavel Grachev told ITAR-TASS on Monday adding that servicemen who had once taken the oath of allegiance would not be asked to swear again.

"A new oath of allegiance will only be taken by personnel who is being enlisted in the Russian Army," Grachev said.

Commenting on the delay of the draft of students into the Russian Armed Forces, Grachev said that the issue had not been and is not being considered by the Russian Ministry of Defence. He pointed out that the president, the government and the Russian Parliament were in charge of the draft.

"The Russian Ministry of Defence will fulfil whatever decision they take," Grachev said.

Final Agreement With Chechnya on Separating Forces

LD1611202992 Moscow ITAR-TASS World Service in Russian 1950 GMT 16 Nov 92

[by ITAR-TASS correspondent Sharip Asuyev]

[Text] Groznyy, 16 Nov—This evening representatives of Russia and the Chechen delegation, which has received authorization from Dzhokhar Dudayev, signed a final agreement in Nazran on the separation of the Russian and Chechen forces. An ITAR-TASS correspondent has just learned this in Groznyy. According to this agreement both sides will start the simultaneous withdrawal of their military formations from the depths of Ingushetiya and Chechnya.

On the Russian side the document was signed by A. Kotenkov, deputy head of the temporary administration of Northern Ossetia and Ingushetiya, and on the Chechen side by Yaragiy Mamodayev. Mixed commissions with an equal number of members from Russia, Chechnya, and Ingushetiya will observe the separation of the sides.

As has already been reported, Chechen armed formations today started a partial withdrawal from the confrontation zone.

Disengagement of Troops Begins

LD1711102192 Moscow ITAR-TASS in English 0926 GMT 17 Nov 92

[By ITAR-TASS correspondent Sharip Asuyev]

[Text] Groznyy November 17 TASS—The Chechen side began to withdraw armoured equipment and personnel to Samashki—Achkhoy-Martan line. After unblocking roads and clearing fields of mines, the Russian troops will be withdrawn to the line of Ordzhonikidzevskaya village.

The agreements on the disengagement of Russian and Chechen troops reached on Monday [16 November] eased tension in Chechnya. There were no incidents last night. Representatives of Chechnya, Ingushetiya and of the Russian troops arrived in the confrontation zone on Tuesday morning. Within a mixed commission, they will be monitoring the disengagement of armed units.

In accordance with the arrangements, each side should pull its troops back by eight kilometres. Joint militia units will be observing order in the disengagement area.

The sides agreed that possible provocations during the disengagement will not be viewed as a breach of the agreement. Provocateurs will be spotted by joint efforts and, if necessary, turned over to the other side.

Yusup Soslambekov, chairman of the Foreign Affairs Committee of the Chechen parliament, flew to Moscow on Tuesday morning. Before noon, he is to meet with

Sergey Stankevich, the Russian president's adviser for political affairs, and, possibly, with Russian President Boris Yeltsin.

Roundup of Developments in Ingushetiya, N. Ossetia

LD1711114892 Moscow ITAR-TASS in English 1047 GMT 17 Nov 92

[By ITAR-TASS correspondent Valeriy Shanayev]

[Text] Vladikavkaz November 17 TASS—The state of emergency regime was not violated during the past 24 hours on the territories of Northern Ossetia and Ingushetiya, ITAR-TASS has learned from the headquarters of the provisional administration, set up in the conflict area. There was sporadic shooting in the area of the populated localities of Assinovskaya, Sernovodsk, Oktyabrskoye and Chermen. Two servicemen were wounded during attacks on a patrol post in Sernovodsk and Army depots near the village of Mikhailovskoye. A militia squad came under fire in Oktyabrskoye. One militiaman was wounded.

According to the latest figures, 257 men, including 11 servicemen, were killed in the conflict area. As many as 579 people received bullet wounds.

Unfortunatelly, the exchange of hostages has slowed down. Lists of hostages, which are usually kept locked up in private houses by both conflicting sides, were being drawn up last night.

The mixed team for evacuating refugees and seeking bodies of the killed in the state of emergency area was unable to meet on Monday due to the absence of Ingushetian representatives.

Russian Vice Premier Sergey Shakhray, who heads the provisional administration, has issued an order to search more actively for hostages and men reported missing, and to organise their exchange.

Shakhray held a meeting today morning with North Ossetian leaders and representatives from the Russian task force, and then went to Nazran, where he will study the situation in the state of emergency zone and meet Ingush leaders.

It was learned from sources close to the Supreme Soviet of the North Ossetian Republic, vice-chairman of the Russian Supreme Soviet Yuriy Yarov is to arrive in Vladikavkaz today. The purpose of his visit is to study the situation on the spot and to get a clear idea about the socio-political conditions in North Ossetia and Ingushetiya.

According to information received from the press centre of the Russian Defence Ministry, the Chechen side returned to the Russian Army on Monday evening the weapons seized by it from an Army post on November 15.

Supreme Soviet

Moscow, Tatarstan Postpone Talks on Power Sharing

OW1611191592 Moscow INTERFAX in English 1859 GMT 16 Nov 92

[Following item transmitted via KYODO]

[Text] The draft treaty on the distribution of powers between Russia and Tatarstan "contains several clauses on which the parties have not agreed yet", Presidential State Secretary Gennadiy Burbulis said. He made the statement at today's joint meeting of the parliamentary constitutional and international relations commission and the working group of the Russian Supreme Council Constitutional Commission. The meeting focused on Tatarstan's newly-adopted Constitution.

Burbulis, who represents the Russian side in the preparation of the treaty, said that the Tatar leadership had "sped up the process without prior arrangement by adopting the Constitution, thereby unilaterally answering the questions that we could not answer." At the same time, the state secretary pointed out that "Tatarstan's specific features cannot but be taken into account." Tatarstan's officials failed to attend. It was decided to resume the discussion on November 23, after the reasons for the absence of Tatar delegates would be found out.

Gaydar Addresses Heads of Soviets on Economic Issues

LD1611170192 Moscow Russian Television Network in Russian 2100 GMT 15 Nov 92

[Report on speech by Acting Premier Yegor Gaydar to a conference of heads of local soviets of the Russian Federation in Moscow on 14 November]

[Text] Participants in the conference returned to more peaceful economic problems, although in Yegor Gaydar's view....

[Begin Gaydar recording] They may only seem more peaceful by comparison with the events in the North Caucasus. In all other respects, of course, the situation is far from pleasant. First, let me give you a short overview of the situation.

Let's look at the fall in production. The fall in production was greatest during June and August of this year. In September the rate of monthly decline was less, and even less in October. The figure in August was 27 percent; September, 25 percent; and October, 24.6 percent. This, it goes without saying, does not mean that the situation has settled down in any way. But if we look at the dynamics of production in specific categories, specific types of output, we see that the crisis gradually begins to assume structural characteristics from about August onward. Above all, there has been a gradual increase in

production of technically complex durables compared with the average daily level in August. This is, of course, a very unstable trend. It is one which could be upset at any moment, by any abrupt actions or unexpected factors on the resource side. If there are any encouraging signs, however, one can say they began to show up from August onward.

Second, agriculture. In general, the results of the agricultural year were markedly better than we feared they would be, markedly better than we expected, markedly better, even, than we hoped. We had been hoping, up until the last moment, that the harvest would be roughly 8 to 9 million tonnes higher than last year. In actual fact it turns out to have been about 15 million tonnes more than last year. The sugar beet harvest is 4.5 million tonnes. The potato and vegetable harvest is roughly the same as last year in the public sector, but markedly higher from private plots as a result of a sharp increase in production.

In animal husbandry this winter will, beyond any doubt, present extremely great problems. The supply of fodder is, on the whole, better than last year. The figure on 1 November was approximately 13.8 quintals per head of livestock. It is now 14 quintals. The figure varies greatly, however, from region to region. There are regions where the situation really is critical, where there is an acute shortage of feed.

The most worrying problem is, of course, fuel supplies for the coming winter. According to our forecasts—or the weather center's forecasts, I should say, since I don't forecast these things—the winter will, on average, be 5 to 7 degrees colder than last year. This means that extra fuel will be used, around 30 to 50 million tonnes of standard fuel [uslovnoye toplivo]. All in all, the gas supply situation is normal; gas supplies are higher than last year. The overall situation regarding coal stocks is also normal, 10 percent above last year's figures, and stocks of crude oil are at last year's level.

At the same time, the most worrying thing is that alongside this more or less normal picture, there are a number of regions in the country where seasonal fuel stocks have not been laid in, in particular coal and crude oil. We have even had a note about this from Leningrad Oblast.

As for inflation generally, it unfortunately remains very unfavorable, quite simply very dangerous, I would say. Following a brief period when the speed of price rises was relatively stable, in July and August, when they were between 1 and 2 percent a week, and reached somewhere near 8 percent a month—which is a pretty respectable figure—in the second half of August, a long time before fuel prices were unfrozen on 17 September, all types of prices, consumer and retail prices started to rise abruptly, and wholesale prices started to rise as well, though more slowly.

There were two main factors here. The first influential factor was the new level of prices for grain of the new 1992 harvest; this was an abrupt hike compared to the 1991 level. The second important factor was the breakdown of general economic tendencies, the breakdown of tendencies regarding the movement of the money. Since September the government has been trying to get on top of this situation, first and foremost on the basis of the levels of budget policy we have at our disposal. Since September we have been sharply cutting the budget deficit: Since September the budget has been getting into the black; that is, revenue slightly exceeds expenditure at federal level.

On unemployment: The very fact of this sudden easing of credit and monetary policy has, in general, resulted in the problem's becoming exacerbated more slowly than we had expected. You will remember that in a speech to you at the beginning of the year, as I recall, I predicted year-end unemployment of 1 or 1.5 million; everyone reproached me for my completely unbridled optimism, because the figures being bandied about at the time were from 4 to 20 million. To date we have 400,000 jobless; but it goes without saying that there is also a fairly substatial amount of hidden unemployment—people working short hours or a short week, and so on. Nevertheless, total unemployment is less than we expected, which is because there has been a supplementary quantity of money put into circulation, which has saved enterprises from bankruptcy; and also because the effect is being felt, for the moment, of the desire of enterprises to mininize social conflict and, even at the price of supporting surplus numerical strength and the short work week, to avoid substantial, large-scale layoffs.

However, we must have no illusions. This is simply a kind of washer, as it were. The problem of unemployment will continue to increase and as time goes on—especially over the first six months of next year—it looks like it will remain the chief and crucial social defect of our economy. We have to be prepared for that.

As for what in my view we should and should not do in the near future: First, it would be wrong and dangerous to try to cure the new defects by traditional means. There is a notion current at the moment, the gist of which is that we should try to restore a system of centralized supply, centralized regulation of the flow of goods; essentially, to revive the Materials and Technical Supplies State Committee, revive the system of obligatory state orders, revive the system of administrative attachment, and so on. However attractive that option may be, superficially, to some of you, it seems to me that it would have catastrophic consequences today, in two main respects: First, today it entirely lacks the appropriate legislative backing.

To be blunt, the law on state requirements which has been adopted is absolutely inappropriate to the old-fashioned distributive system. If we attempt once again, as 1993 approaches, to take things apart and put something new in their place, this will merely lead to chaos and the situation which prevailed when arrangements were being made for supplies during 1993. At that time

everybody was still relying on the old system of supplies, and contracts were not yet being made under the new system. Things could not be done the old way, but people were not ready to use the new way.

Second, in my view we should not, under any circumstances, try to resolve our present problems without targeting financial resources where they are needed in the national economy. The idea that we can counter the industrial slump by drastically increasing money and credit supply was completely discredited by our experience during May through August. We are now reaping the consequences of our attempts to pursue this line of approach. This will only lead to a sharp increase in prices and to destabilization of the financial situation. It will not have any positive impact at all on production.

What, in general, do I think—do we think—needs doing? In my view we must, first and foremost, gradually increase the efficiency of the orthodox instruments we have for controlling a market economy, taking our already emergent, if still somewhat weak, system of market regulators as the basis for this. In other words, by using the market, market regulators, we must give encouragement—selective encouragement, of course—to specific sectors of the economy, to specific regions, the ones that are critical. That is precisely what the government thinks needs doing and is trying to do right now.

Among these sectors I would, I think, single out the following just at the moment. First, of course, the defense industries. What is needed here? Two things—first, there has to be certainty about the future. In other words, our defense sector must know, in advance, precisely what is expected of it in 1993 and in the more distant future. If we continue removing weapons from production, bringing them back into production, stopping production again, mothballing it, then starting production once again, this will be very expensive and dangerous. Second, the sector requires certain basic financial resources in order to rid itself of the immense overhang of military orders on which it has started work but has not received payment. Third, it needs normal, relatively preferential credit resources so that it can implement sensible and potentially profitable conversion projects.

This year we have allocated about 70 billion rubles [R] in credit for conversion programs. Generally speaking, we currently have enough money to provide loans for conversion purposes, for all reasonable projects, those which have been properly costed and subjected to proper technical and economic feasibility studies. We expect to continue this work next year, and will be asking the Supreme Soviet to allocate roughly R250 billion in credit for conversion purposes, so that the most important and interesting conversion projects can be continued and implemented. Already this year output of consumer goods in the military-industrial sector has increased quite substantially, against the background of a fall in the sector's traditional output. We believe that output in the military-industrial complex, as a whole, will increase rather than fall next year. [end recording]

There were many questions to the acting premier. The participants in the conference inquired about the rules governing the registration of enterprises in their respective territories, about the frozen account No. 725, which collective and state farms were using, and the fate of the 10 percent preferential loans intended to provide working capital. There were also complaints about the jettisoning of social commitments by many enterprises.

According to Yegor Gaydar, this issue does not have a universal solution, because there is no money either in the oblasts, or in the central budget or in enterprises. It can be resolved by several means, however, one of which is the privatization of the social sphere where possible. According to Gaydar, the government would also support a possible decision of the Supreme Soviet on the introduction of a special supplementary tax for the maintenance of the social sphere which would be passed on to enterprises.

The premier was also asked questions about utterances in the press by several of his deputies. In response, Yegor Gaydar remarked that the press frequently misinterprets the statements of leaders of all sorts of different ranks. As far as his personal opinion is concerned, he is categorically against any actions which could undermine the bodies of representative authority. The government was also criticized for following on the heels of events and not anticipating them and for drawing out the transfer of rights to the localities.

Up to now the government has not developed measures to implement the provisions of the federation treaty. The head of government stated that a conference of heads of administrations is planned for 16 November, at which proposals will be developed on transferring powers in various spheres of management and finance to the regions.

Aleksandr Pochinok told those present about the draft budget system for 1993 and the introduction of amendments to the tax system. According to him, the state budget should be unitary, including articles on hard currency revenue and expenditure. The commission chairman also called on the government to reduce the number of tax concessions, announcing that revenues are not being received from privatization. This year they amounted only to R19 billion. Noting that the state debt at present is R2 trillion, he stressed the need for an examination of the use of state funds by ministries and departments.

Aleksandr Pochinok stated that parliament specially will discuss the question of defense and security spending. We cannot cut military expenditure any more. It has been trimmed to the bone as it is, he stated.

The microphone was handed over to the participants in the conference. In their speeches they touched on regional problems, spoke of the difficulties in interaction

between the representative and executive authorities, and expressed concern at the appearance of new areas of ethnic and social tension. Also, the question was raised—as Deputy Tuleyev expressed it—of the cynical badgering of the Russian Supreme Soviet chairman. It was decided to enter this as a separate point in the declaration adopted by the participants in the conference. In this document the heads of the local soviets call on the president and government and political leaders to cast aside unfounded suspicions, cease mutual recriminations, and get down to businesslike work, the search for compromises and balanced decisions.

At the conference an appeal by its participants was also adopted in connection with the armed conflict between North Ossetia and Ingushetia. It says that only the real provision of legality and civil rights, and the organization of the operation of legally elected bodies of state authority and bodies of local self-government can be the basis for a way out of the acute political crisis.

Decree on Oil Enterprises Approved

OW1311054492 Moscow INTERFAX in English 1916 GMT 12 Nov 92

[Following item transmitted via KYODO]

[Text] Russian parliament approved of the draft presidential decree on privatizing and converting oil industries into joint-stock companies. The decree has come into force.

The document envisions the conversion of state oil enterprises, extracting, processing, transporting and selling fuel, into joint-stock companies before the end of the year. The Federal Government will have its share of 38 to 49 per cent. A state enterprise to be set up, "Rosneft", will control the state's shares.

According to the decree, as the conversion in Russia will develop, independent joint-stock oil companies will be set up under the auspices of Rosneft. The document, in particular, envisions setting up "LUKoil", "YUKOS" and "Surgutneftegaz" joint-stock companies before the end of 1992. Within two years, 40 per cent of their shares will be liable to sale, while half of them should be sold for vouchers in 1993. Foreign investors may hold no more than 15 per cent of an enterprise's shares. Under the Russian legislation, the labor staff and management will have privileges in buying the shares.

Bankruptcy Law for Enterprises Approved

LD1311100792 Moscow ITAR-TASS in English 1355 GMT 12 Nov 92

[By ITAR-TASS parliamentary correspondent Maria Kuzmenkova]

[Text] Moscow November 12 TASS—A law on the bankruptcy of enterprises was approved in the second reading today by the Russian parliament. It lays down, as stated in its preamble, the preconditions and procedures for declaring an enterprise insolvent and for fixing the order in which the claims of its creditors should be met.

The law also lays a legal foundation for the forcible or voluntary liquidation of loss-making enterprises, if reorganisational measures to rectify its financial standing are unpracticable or futile.

The law also contains several articles on "deliberate" or "fake" bankruptcy, which will prevent an enterprise from exaggerating its insolvency in the personal interests of its managers, and from declaration any deliberately faked bankruptcy, compelling its creditors to make discounts or defer debt payments.

Vneshekonombank's Activities Curtailed

LD1311110992 Moscow ITAR-TASS in English 1831 GMT 12 Nov 92

[By ITAR-TASS parliamentary correspondent Ivan Novikov]

[Text] Moscow November 12 TASS—The Russian parliament has obliged the government to present to parliament the plan for state operations in foreign currency by November 25. The decision in this favour was adopted by a joint meeting of the chambers on Thursday.

The parliamentarians passed a resolution "On the Bank for Foreign Economic Activity of the USSR (USSR Vneshekonombank)". Deputies stressed that this has been done to improve banking services for Russia's foreign economic ties in conditions of the reform.

The USSR Vneshekonombank retains only the functions of an agent for managing foreign assets and servicing the foreign debt of the former USSR. Other credit institutions will perform all other operations. The need for this decision is explained above all by the fact that Russia is unable to fulfill on time the obligations for the debts of the former USSR. In addition, some foreign creditors persist with attempts to institute legal proceedings against the USSR Vneshekonombank, seeking to arrest its property.

In this connection, conducting current operations, aside from servicing the old debt, through the USSR Vneshekonombank could entail financial losses for Russia. Therefore deputies decided that the bank should not continue serving as Russia's full-fledged agent in crediting foreign economic ties.

National Affairs

Kravchuk Holds News Conference 10 November

AU1311200792 Kiev Radio Ukraine World Service in Ukrainian 1100 GMT 11 Nov 92

[News conference by President Leonid Makarovych Kravchuk with foreign and domestic reporters in Kiev on 10 November—recorded]

[Text] [Moderator] [Words indistinct] we are beginning a news conference by Ukraine President Leonid Makarovych Kravchuk. As is common practice, questions will be asked using the microphones. We will start with the questions right away.

[Kravchuk] I only want to say one thing on the subject. Significant events have recently taken place in the internal and external political life of our state. The government has changed, and an animated discussion of Ukraine's draft constitution is in progress. There are talks and discussions around this, or rather, these problems. I am convinced that everyone of you has answers to the questions you are going to ask me, but, as I understand it, you want to know my answers. Therefore, I will give my answers, and you will ask your questions. Please start.

[Radio Liberty reporter] Highly esteemed Mr. President, in two weeks' time it will be 1 December. What problems could, in your opinion, be resolved; what are the priority issues; and what is the strategy for Ukraine's advancement toward 1 December 1993? Thank you.

[Kravchuk] Of course, I realize that the first anniversary of the referendum and the proclamation of our state independence is approaching. It was supported by the expression of the people's will. One year has passed since Ukraine's president was elected as a result of nationwide elections. I will tell you sincerely that I think about what I have promised, what has been done, and what has not been done. I cannot say that I am fully satisfied with the period of time that we have lived through and the results that we have achieved. However, from what we had in the election program, it may be said that it is being put into practice. For example, I promised at all meetings that we will do everything to prevent confrontation among our people and bloodshed in our land and that we will work for achieving our independence in a peaceful way. I can say that, so far, this fundamental aspect of the program, as they say, thank God, is being fulfilled.

In my program, I also said that we will build our state proceeding from the principles that have been recognized by the world. Today, it is possible to say that Ukraine is well respected by democratic states for its principled and consistent peace-loving external policy. This is a fact that cannot be denied. There are many other achievements in spiritual and democratic life, in the creation of the statehood, in the creation of our own state institutions, including our armed forces and institutions of power. Step by step, we are proceeding toward [word indistinct]. The greatest difficulties are bypassing us. We did not even expect that they would be on this scale. We waited and waited, and it so happened that they are economic difficulties. Here I must say that we have very few reasons to rejoice and say that we have achieved something. However, I must also tell you that it would be unrealistic to hope that in one year, having inevitably destroyed old ties and old structures, we could make large strides forward. Inevitable, because it is impossible to be a power and pursue our own policy, without having an independent economy, an independent finance and credit and monetary system, and an independent economic structure as a whole. It is impossible to be an independent power [without this]. After we set ourselves such a task and began to fulfill it, it turned out that it was necessary to put in a lot of effort, which does not only depend upon our desire and our possibilities that we have in our Ukrainian state. That is to say, we have been confronted with both subjective and objective problems. We have been confronted with such facts at a time when the conditions were not yet ready for solving some problems, or carrying out tasks, that we had set ourselves. Second, we have been confronted with the fact that our legislation—the work for creating norms—that is being conducted and was conducted by the Supreme Council was so immense in scope that it became impossible to accomplish it quickly.

We also came across facts when governmental structures—executive structures—turned out to be incapable of working efficiently in the new conditions. This applies to the echelon of administration, supreme administration at the level of legislative power, executive power, judicial power, and so on.

There is yet another echelon. This is the echelon of structures that work in the provinces. They failed to independently resolve those problems that they had to resolve independently. This was, again, due to the absence of normative and directive resolutions for them. You know, I already told you about this, and I want to recall this once again.

While Germany and other countries were restoring their national economies after World War II, they were guided not only by a well-organized administration—something that is a necessity in its own right—but they, the overwhelming majority of Germans, were guided by the need to build their states and restore their destroyed economies. Incidentally, our state and people did the same. Today, we all admire, for example, the miracle of South Korea. However, perhaps, not everybody knows, and if you do not know, I will tell you that, today, the working day in Korea lasts 12 hours, often without holidays and vacations, even though they have the right to such benefits.

In other states, too, if you take a normal family whose house collapses, the family first rebuilds this house and then resolves the questions of vacations and other things. However, we have been brought up in the spirit that the

state can do everything and that the state gives everything, and we want everything to be increased—I understand that the standard of living is very difficult, it is true—increased, while production is on the decrease. I mean the increase in wages. If such is the vision of our future or expectations that credits or loans [words indistinct] will take our huge state to [words indistinct]—it is inconceivable. That is why I must say that there are problems of administration, legislative problems, and there are problems that demand the assumption of responsibility by all those who live in Ukraine, from the president to the worker. Unless this is understood, we will never accomplish what we have planned.

This is because, as I have already said... [changes thought] I recently returned from China and Mongolia. There is a city called Shenzhen that has been built over 12 years with 2.5 million people. It is a modern city. In Shanghai, 600 buildings over 20 stories high were built in three or four years; in our large Kiev, three buildings over 20 stories high have been under construction for 15 years. If our attitude stays the same and if the mass media—I am now addressing you—inculcates in everybody the same understanding to the effect: Go and demand!—I want to say sincerely and openly that progress will be extremely difficult. I am speaking of realities and not tales. A nation can only survive through labor and responsibility. [sentence indistinct]

[NOVYNY INFORMATION AGENCY reporter] Leonid Makarovych, do you think that your optimism, following Dagomys and Yalta, regarding the development of relations between Russia and Ukraine, is justified? Won't the current crisis in Russia become an obstacle on the road to these relations? How do you assess this situation? What do you expect in the near future [words indistinct]?

[Kravchuk] Perhaps, it is not 100% justified, but if there had been no Dagomys or Yalta meetings and no documents had been signed, then I am sure the situation would have been much more difficult. I have no doubt whatsoever about this.

The negotiating process and political discussions must be constantly held between states, especially between those that have just started to establish themselves as states and whose people have begun to establish themselves as nations. It is out of the question that we stop this negotiating process. This is the only salvation and the only way of resolving, if at all, the many problems that exist in extremely difficult conditions where centrifugal and various polar forces operate. This is the only way to maintain the situation in the state of negotiations and in the state of resolution, no matter how difficult and protracted. If this negotiating process is stopped, the situation would be exacerbated. That is why I will say that both the Yalta and Dagomys meetings have played an important role in resolving very difficult and involved problems between Ukraine and Russia.

Regarding the situation in Russia, it is indeed complicated. I do not have enough information on this because I live in Ukraine, not Russia. Therefore, I cannot provide a thorough analysis of what is going on there. However, from what we all hear and see, there are problems there and Russian democracy, as well as Ukrainian democracy, is facing some danger. If everybody recognizes the existence of this danger—this is, again, responsibility for defending democracy—then, I hope there are still considerable forces and considerable potential that will not allow changes that will affect the course that the people of both Russia and Ukraine have chosen to build their independent states, their independent equal, and sovereign states that build their relations proceeding from principles accepted worldwide.

What happens in Russia after 1 December, I think, will largely depend upon how we work and act in Ukraine. If we seek a sensible compromise in resolving acute problems between us and Russia, precisely through compromise we will help Russian democratic forces. If we exacerbate the situation by our actions, like certain forces in Russia and Ukraine want us to, we will harm democratic processes both in Russia and in Ukraine; our nations are very closely related, and not only in the economic sphere.

[Name indistinct] Mr. President, at his first news conference, First Vice Premier Ihor Yukhnovskyy said that we will sell nuclear charges left after our missiles are dismantled to the highest bidder. On almost the very next day, the U.S. State Department told our ambassador in the United States that the United States would give Ukraine as much money as it needs to complete its nuclear disarmament. How do you assess this information?

[Kravchuk] To begin with, I assess information only after it is received at the government or state level and is signed by corresponding officials who do not only speak but also give orders regarding dollars. That is why if there is such a signature I will consider this with understanding and even with such a responsible formulation of this question, because this is realistic for Ukraine.

Ukraine has already transferred all of its tactical nuclear weapons to Russia, but so far we have had absolutely no compensation, and we cannot go on this way. When we transfer these weapons—this takes labor and money—we must be compensated accordingly. This is all the more so since we need fuel for our nuclear power plants and reactors. These generate enormous expenses.

That is why we must consider all of this proceeding from civilized contractual principles. In order to get START ratified, we must present to the Supreme Soviet corresponding proposals that, in return for disarmament, Ukraine will receive material compensation and be provided with certain guarantees for its national security. If these two arguments are placed before Supreme Soviet deputies, I am sure they will vote for this treaty.

[Name indistinct] Esteemed Mr. President, it is true that political circumstances in Ukraine have changed since your last news conference. At one of his news conferences, the co-chairman of the Ukraine's People's Rukh, Mr. Vyacheslav Chornovil, said that we now have triple power [tryvladdya] in Ukraine. Hence my question. Will the Ukrainian triumvirate—Kravchuk, Plyushch, and Kuchma—pull the Ukrainian state plow in a concerted manner? Or is a different variant possible: the swan, the pike, and the crab [where the swan flies up to the skies, the crab keeps sliding down, and the pike swims to the bottom of a pond]. My second question is: What will you, Leonid Makarovych, do in order to ensure the constructive cooperation of these three people, or links in the chains of power? Thank you.

[Kravchuk] I think the way you have put it is a normal formulation of the question. Each of the senior officials must do his job. At the same time, they must work together, because our personal ambitions are not, perhaps, the main thing, taking into account the years that have passed and the existing situation. The main thing is the common cause.

I think that we must give up one thesis, which is now under animated discussion and is being featured in the media, that the main point is not what kind and quality of documents are being prepared, not what kind of documents are urgently needed to open up the road toward proper functioning of the economy, politics, and culture, but the main thing is who adopts the documents, who signs them, that is to say, who is the boss in this triumvirate-triangle. We must let go of this idea, and then everything will assume its proper perspective.

Second, I would like to ask those who call for such cooperation not to take steps that, in reality, might exacerbate relations. Those who call for this must themselves adhere to at least one principle: To talk about reality and not about what they see in their dreams. This is because, today, the media has spread, for example.... [changes thought] Not all mass media. We have such a sensitive media—I call them scandalmongers. They very much want to be in the limelight, and because they do not have great inner strength that renders them conspicuous, they tell small lies. This is also a road to recognition. Herostratus, in his time, burned a church [tserkva] and became famous. This is also a way.

For example, it has already been announced that Pyekhota will be ambassador to Spain. This was first announced by a people's deputy who called upon us to cooperate. But I only learned about this from the newspapers. Or that Fokin is already allegedly a presidential adviser. I also learned about this from the newspapers. Believe me, this question was not even discussed. Or that somebody is already at post somewhere as an ambassador. Is it so difficult to call the Ministry of Foreign Affairs and ask whether these things are true? This isn't so hard, is it? But some people look particularly for those newspapers that will publish such information without ever verifying it. People say that when the rooster crows, it is not crowing because the dawn is breaking. It crows only because it is a rooster. If this kind of newspaper publishes such information, it too does not think about its credibility or about the truth. It simply publishes things because it wants to stir up scandal. It thinks that somebody will become involved in this scandal. It has already disgraced itself before the people to such an extent that there is nowhere else to go.

[REUTER reporter] Highly esteemed Mr. President, at the present stage of Ukraine's development, which economic model seems the most suitable—the Polish model or the Chinese model? Who in Ukraine will be responsible for implementing economic reform?

Second question, I ask you to specify one point regarding nuclear weapons: Who should compensate Ukraine for the removal of the weapons? Does your statement to the effect that the Supreme Soviet must discuss the ratification of START mean that Ukraine will not ratify START until it receives material compensation for withdrawing the weapons?

[Kravchuk] I think that our model of economic reform will be Ukrainian, not Polish or Chinese. It will be our own. We must use the experience available in the world, taking into account our specific characteristics and our structure. Look at national economic and industrial structure, and you will see that it is entirely different from any other. You will also see that this structure needs, it influences the formation of cost and is accordingly oriented toward ties and energy sources and the entire system of economic ties. Take our industrial, production, and military complexes, and you will see how many problems are involved there, problems that we alone can resolve and that other states of the former union do not have. It is, therefore, clear that we will develop our own model. The government and the government alone will be responsible for this model. Now, it seems to me, there are sufficient forces in the government, forces that can work and that have long worked in the direction of economic transformations in Ukraine and supported the document that I submitted to the Supreme Soviet in March 1992. However, it so happened that neither the government nor other structures could actively work with this document. I understood that, unless the government, National Bank, and all others jointly get down to business, it is always possible to compromise on any document or any ideas. The team that we presently have seems to me to be able to get down to it and work toward this end.

I do not think that it is necessary to link the ratification of START, more accurately, of START by our parliament, to those conditions—they are quite numerous. I only want to say that it will be important for us, the president, the Ministry of Foreign Affairs, and the Ministry of Defense, for all of us who are responsible for this treaty and its implementation, to appear before the Supreme Soviet and say that we will have specific conditions and guarantees if we ratify this treaty. This will speed up the voting and ratification, but this does

not in any way mean that we will not submit this document to the Supreme Soviet. Incidentally, it is already there. Consequently, I want you to understand that I insisted and continue to insist on one thing: The treaty must be ratified and Ukraine cannot change the political course that it has adopted, including that in the sphere of armament, disarmament, and so on. We are only talking about amending conditions that would promote the implementation of this document. This is one. Two, we are, indeed, responsible to the world for this, but we are also responsible to our own people and to our own state for its national security.

[PRAVDA UKRAYINY reporter] Leonid Makarovych, several of our oblasts have long been trying to obtain the status of special economic zones. They have been trying hard, but in reality, nobody takes the trouble to ponder whether conditions exist for this. Everybody strives to achieve one thing: to get rich as soon as possible. What is your opinion on this problem after visiting the special economic zone in China? Another question: What is your comment on the article in UKRAYINA MOLODA entitled—I think it goes like this: "Wasn't There Too Much Vodka [horilka] in Plyushch's Exports?"

[Kravchuk] I have mentioned my impressions of my visit to Shenzhen. It is a special economic zone in China where huge numbers of people work and where foreign capital is invested. By the way, foreign capital is not only invested in the Shenzhen Special Economic Zone, but also in Shanghai, where a small zone has also been created for preferential development of specific territory. This is already bearing fruit. The main point is who decides questions on land, leases, payments, and taxes. All of this is submitted for consideration to local organs of power with a corresponding payment to central organs. Nobody makes it more complicated, but it rather simplifies matters. For example, I asked how much time is needed for registering a joint enterprise. They told me in Shanghai it takes 21 days.

Recently—this was even reported in today's newspapers—I had a meeting with representatives of the American Petroleum Company who have rather thorough knowledge of our situation regarding raw materials, in particular, energy sources—oil and gas—and who are ready to come to us and work, with their capital, their equipment, and their possibilities, that are presently much greater than ours. He said that he would like to have the joint enterprise registered within six months. I ask why such a long time. This, he says, depends on you, not us, because to get through all your requirements; it is becoming simply impossible.

Take Kiev. I will cite an example. I have cited it more than once. We already have a large number of embassies. It is necessary to build premises, make repairs, and so on. To this day, in Kiev they cannot resolve the problem of who will allocate land for building these premises. I tackled this problem myself. The council cannot assemble because there is no quorum, and the administration cannot adopt a decision because this is outside its jurisdiction. Thus, it is now not a matter of what is needed for resolving the problem, but, again, of who is supposed to adopt the decision.

If, for example, in Vinnytsya Oblast, they extract nonferrous metals or some precious stones, the village council believes that these riches belong exclusively to them. In Transcarpathian Oblast, if you find gas, they will insist that it is their exclusive right to extract that gas. That is to say, people understand this in such a way: If they live on this land and there are riches in it that must give life to Ukraine, they will keep insisting that they are entitled to these riches. If we discover some energy sources, I am sure that there will be endless disputes not concerning the question of how and who must extract them, but to whom they belong and who must authorize the extraction of that gas or oil.

Until this is resolved by legislation, we will go on talking about difficulties with these questions. It is high time to resolve them. Then all these problems will no longer arise.

To tell you the truth, I did not read that article in UKRAYINA MOLODA, but yesterday I received information, I heard over the radio, that there was some misunderstanding and that the Customs House in some town—I simply don't remember—inspected the airliner and found vodka in quantities greater than necessary for the delegation's needs. However, I cannot talk about this with confidence because these are press agencies reports. This simply must be checked. This may also be an error, and when the delegation returns—taking into account the fact that newspapers published something about this—I think that a corresponding explanation will be given on what really happened.

[RESPUBLIKA reporter] Leonid Makarovych, with your permission, I would like to somewhat defend my colleagues regarding the information that they may receive. The point is that, if, for example, while you are away in China, and the Duma disappears at the same time, people simply look for information and are not always able to obtain it from you, so to speak, first hand. Therefore, this question is directly for you. The Duma no longer exists. A new or perhaps different presidential structure is being created. At the same time, presidential administrations in provinces have already been subordinated to the government that has not yet specified its attitude toward economic reforms; perhaps this was done precisely to enable them to implement reforms. Please tell us once more how this system and this structure are going to function under such conditions. Thank you.

[Kravchuk] Okay. First, about the Duma. I want to defend the Duma once more. It ceased to exist not because it worked very badly. Take, for example, the following thing. Two state presidential advisers and leaders of the board—Yukhnovskyy and Zhulynskyy—one became first vice premier and the other vice premier. They were formerly leaders of the Duma. Our

prime minister Kuchma was a member of the Duma. The new minister Herts was a member of the Duma. Thus, I cannot say there were people in the Duma who did not justify trust or did something wrong. They worked, and the Duma provided the government with the principal new cadres.

However, life goes on, and we must further improve all structures. A new government has emerged. In view of the fact that the Duma existed as such under the president, it was also directly connected with other structures. I decided to create purely presidential structures—presidential administrations. This is the Socioeconomic Council and three commissions: the Commission for Political and Legal Questions, Commission for Questions of Science, and Commission for Questions of Control Over the External Economic Activity. These structures will have two tasks: to prepare proposals and draft resolutions, directives, and edicts for the president and, second, exercise control over the fulfillment of presidential laws, edicts, and directives. Nobody from the Cabinet of Ministers will be included in these structures, nobody—not ministers or their deputies. These structures will only work with the president, and they will give direct orders to either the government or other structures. They will work exclusively with the president and will offer corresponding recommendations to the president. This is very important. Thus, there will be no duplicate administration or anything like that.

Since we have, in the provinces, presidential representatives and presidential administrations. Both these structures fulfill executive functions, and since we have the Cabinet of Ministers, as an organ of executive power, these structures cannot fail to be subordinated, within the jurisdiction, to the Cabinet of Ministers, I emphasize, Cabinet of Ministers. Therefore, I made a corresponding addition in the sense that these structures are also subordinated, within the jurisdiction, to the Cabinet of Ministers. However, this does not in any way mean that they are not subordinate to the president. They are subordinate to the president both directly and through the Cabinet of Ministers. I mean presidential representatives and presidential administrations in the provinces. This has been done to ensure that the Cabinet of Ministers, within its jurisdiction, could directly influence executive organs of power in the provinces. However, this does not at all mean that they cease to be subordinate to the president. No, by no means. Simply, the president, by his addition, has authorized the executive power in the person of the Cabinet of Ministers to take the necessary actions and interactions within their jurisdiction regarding these organs, no more and no less.

Consequently, I summarize, the Cabinet of Ministers works regardless of whether presidential structures function and is fully accountable for its actions. Presidential structures analyze problems, offer proposals, elaborate corresponding decisions and draft resolutions, and control the fulfillment of laws and edicts. Today this is the weakest link in our entire work. It is for good reason that the government and presidential structures are criticized in the Supreme Soviet and in the mass media on control issues, legal nihilism, and all other shortcomings in our society. We must overcome this. We must considerably reinforce the executive function and executive discipline in all structures of executive power.

[UKRAYINA MOLODA reporter] Esteemed Leonid Makarovych, if we are to believe statistics from the Cabinet of Ministers, 25% of our industrial output for the first half of the current year is virtually outdated. Exportable [word indistinct] is (?about 0.4%) and the [word indistinct] products that can be sold for foreign currency account for just 1.1%. In this connection, I have a question: What specifically did China find of interest in Ukraine and Ukraine in China? This also applies to Mongolia. How is the president going to deal with the situation? Thank you.

[Kravchuk] Indeed, we cannot list many products that we might sell for hard currency. However, this is not because all of our products are so bad. For example, the output of our metallurgical industry is of a rather good quality, but, in view of the fact that, to this day, we do not have certificates for these products, we cannot sell them in the way we would like. We cannot.... [changes thought] If we take the market, it is divided, and we must have certain regions where we can sell our products. We must have corresponding possibilities for such transactions and earn hard currency.

We have raw materials that are quite competitive in quality and that could be sold for hard currency, but we also have difficulties involved in extracting and processing them and finding the market. We can and do sell electric energy. Generally speaking, we can sell aircraft. Incidentally, negotiations are under way concerning our Ruslans [aircraft] and so on. I cannot say that this figure is sufficiently accurate. It only corresponds to the following.... [changes thought] It only reflects what we actually sell, not what we can sell. Our possibilities are much greater. We simply do not use them for objective and subjective reasons.

What have we found of interest in China? The political problem is that we want to establish our presence and policy in Asia-Pacific basin. Ukraine is a European power, a great power, and it cannot afford not to establish its presence in that region. This is first.

Second, we would like, and we said so, to see that region as a zone of peace and quiet. I believe that Ukraine and other states that also pursue the policy of peace and of destruction of their nuclear weapons will, in the future, also influence the adoption of corresponding political decisions by states in that region.

However, there also are economic problems. For example, that China and, accordingly, Ukraine want to cooperate in the economic sphere: in trade, scientific and technological spheres, and military and technological spheres. We do not make any secrets out of this. Within the framework accepted by the international community, we want to and will cooperate with those states that

fulfill the same norms the way we are fulfilling them. I became convinced that the intentions of the Chinese side are sincere, as are the intentions of Ukraine, and that cooperation and interaction in economic, political, and international spheres with such a great power and such a great nation as China is an important element of its policy.

[UKRAYINA reporter] Esteemed Leonid Makarovych, [word indistinct] lately you have given very few interviews. We, at least, have noticed this and we understand that they distract you from your political pursuits, but the account of presidential policy through the mass media is also an important political task. This is one question, but, proceeding from it, there is one more question. In view of the fact that it is unlikely for you to grant an interview to UKRAYINA magazine by the end of the year, and we are already working on new year's issues, could you briefly tell us something that everybody would like to know, both in this audience or those outside: What is awaiting our state in the new year and, if this is an optimistic answer, what is your optimism based on, and, if pessimistic, what is your pessimism based on? Thank you.

[Kravchuk] It is true, this is really my fault [perekos] in the work with journalists. Lately, I have given interviews to foreign media more often than to ours. I will, of course, correct this mistake. Thus, I believe that an official—it is my conviction—in accordance with his standing, if he grants an interview to a newspaper or magazine, this is a kind of confidence [intym] and manifestation of respect on the part of the media for the president and on the part of the president for the given media. I do not think that it is to an official's credit if he grants interviews indiscriminately, without taking into consideration the image, the political credo, and the political position of the particular mass media. However. I will correct my mistake.

I emphasize that I do not share—and I know from history and from the experience of democratic states that state leaders must always show an attitude of responsibility, not only to what they say, but also to whom they say it. [the audience prompts Kravchuk to answer the question]

I will tell you this. Today, there is one problem for Ukraine, if we speak sincerely and seriously. It is the problem of energy sources. The government and the president and all those involved in this are presently dealing with this problem as a matter of priority, because, if we resolve it—and those negotiations with Russia that are now under way and those steps that we have been taking lately have improved the situation regarding the supply of, first of all, oil and fuel, to Ukraine, because it is more or less all right—and I am convinced that we will do everything in our power to resolve this question—then we will spend this winter in warm houses and the main branches of our economy will function, and, in this way, we will emerge from this situation.

Last, corresponding steps will also be made in the near future by the Supreme Soviet to assist pensioners. I believe that this question will be discussed by the Supreme Council on or near the 16th, the question of raising the minimum pension. Appropriate financial and credit measures will be taken, including the area of monetary circulation.

I think that all of this is complex. In addition, our relations with Russia, Belarus, Kazakhstan, and others and the fulfillment of our agreements with them will enable us to work and live. I cannot sincerely tell you that from 1 January our life will be better. I cannot tell you this, because if I did, I would be telling you lies. However, I am telling you that we will survive, and that our industries will function, and that the most vulnerable strata of the population will be protected, and prospects will open up for gathering momentum in our economic reform, and we will proceed forward.

[ZAKON I BIZNES reporter] Yesterday, leaders of Belarus—in particular, its prime minister—declared that the economic situation in their republic is stabilizing; he corroborated this with specific figures. Esteemed Leonid Makarovych, would you also analyze the present economic situation in Ukraine proceeding from specific figures? Thank you.

[Kravchuk] I cannot say that today the Ukrainian economy is stabilizing. I can only say what I have already said in answering the question from the editor of our respected magazine UKRAYINA. I can repeat it for you. We have a program. I told you about a part of it concerning energy sources. Regarding the finance and credit and monetary sphere, we will learn more on the 12th.

[Report from the Press Service of the Society of Victims of Repressions, in Russian] Mr. President, you repeatedly stated that the old political system has been completely destroyed. I want to object to this statement. This can be seen from your attitude toward the Society of Victims of Repressions. First, the society has existed for four years, but it does not have its own offices yet. Second, a history of the dissident movement in Ukraine is now being written. Who is writing it? One question. The editorial board does not include political prisoners who are, thank God, still alive and who could write this history. Please tell me when they will earn this place in the sun.

[Kravchuk] This destruction of a system does not mean that people who lived under that system disappeared into oblivion. I repeat that the system has been destroyed, but those who lived under this system have not and cannot be destroyed. We must accept this as a fact, as a real fact: We have what we have. We do not have anything different. I agree with you on your specific question. That history, especially that part that deals with victims of repression, must be written by those people affected by this repression, but scientists who know this problem can also help. I agree that we must

provide you with normal conditions for such work. I am in favor of this. However, believe me, not everything depends on the president alone. This must be decided in Kiev by the Kiev organization, in Donetsk by the Donetsk organization, and in Lvov by the Lvov organization. Again, it is impossible for the president or the prime minister to resolve all problems. This would simply be not right, because everyone must do his job.

[Kravchuk is presented with two books]

[Kravchuk, in Russian] Thank you, thank you.

[Television reporter Kharkiv, in Russian] Mr. President, Patriarch Mstyslav said that the union between the Ukrainian Autocephalic Orthodox Church [UAPTs] and the Kiev Patriarchate took place without his knowledge and is a deception of the people. In what situation have you, a person who supported the union between Filaret and Antoniy, found yourself? Second question, are you going to ban the Ukrainian People's Self-Defense [UNSO] organization as an extreme nationalist organization? Thank you.

[Kravchuk, in Ukrainian] To begin with, when I supported the union of the churches, I did so not because I personally wanted this, but proceeding from the fact that these churches acted together and a corresponding decision was adopted during this action. The details of who supports and who does not are not matters for the president. When the church council met secretly in Kharkiv, I said that I could not support that council. However, after a new council was convened in the Kiev-Pechersk Monastery, a meeting to which everybody was invited, I met with Volodymyr a few days later and said that I recognized the decision, because it was a legal decision and the believers themselves, not the president or the government, specified how many and what kind of particular churches they wanted.

That was the same case here. A council was held. A decision was adopted, and I regarded it as such. If Mstyslav now says that this is not so, I cannot accept it as an axiom or a theorem; I do not know what Mstyslav said. Let them convene—if there are violations of canonical or some other character there, I am not a professional in these matters and cannot be one—they must convene a council and adopt a corresponding decision. If Mstyslav's position receives support, then the previous decision is illegal. I will then say that the decision they have qualified as illegal is in fact illegal and I agree with it. However, it is not up to me to determine whether it is legal or illegal. They will assess the decision, not I. I either agree or disagree with it. If it is correct, I agree with it.

That is why my attitude toward this is as follows: Every group of believers or a church must determine their positions and their roles, proceeding from their laws and from their canonical legislative and other facts, and everything must be done within the framework of legislation and within the framework of those political and spiritual processes that are taking place in our state. No more and no less.

[Reporter prompts Kravchuk on UNSO question]

[Kravchuk] I cannot ban or allow any particular organizations. If this organization is illegal, the Procurator's Office and the court must adopt such a decision. If they arrive at a conclusion that this organization is illegal and unlawful, I, as head of the executive power, proceeding from the decision adopted by the court, will see to it that it should no longer function. Unless there is such a decision, I, as president, cannot give such interpretations: This is legal or this is illegal. If I like you, you are legal and if I do not like somebody—he is illegal. In this way, we can easily proceed to violating all normative acts that we have at present.

[NEZAVISIMOST reporter] Esteemed Mr. President, expanding on the preceding question on UNSO, I want to look at things in a broader aspect and ask you the following. You said today that there exists a certain threat to Ukrainian democracy. Please tell us more specifically: from which forces do you see this threat?

[Kravchuk] You see, I, like all of us, studied some history, as they say, we learned from this history, some more and some less, but I know that the Union of the Working Class for the Liberation of Russia that was created by Vladimir Ilyich Lenin was comprised of 11 people. They went and rampaged in the whole of Russia, and not only Russia, but also other nations. Just eleven of them.

Therefore, the quantity and the quality, and slogans, and the situation that may be taken advantage of by certain forces are always specific, and a specific analysis must always be given. Today, I may say that there are no great forces in Ukraine that could come out and say: We are ready, as it was said in the past, to take the power and we can take it. We have enough strength for this and a program. There are no such forces. However, the danger lies in the fact that such forces emerge and make themselves felt. They want to turn Ukraine or to turn Ukraine away from the road that it has chosen: toward independence and democracy. There are such forces. They threaten democracy.

These forces today may not be so conspicuous as to cause alarm, but they are gathering corresponding possibilities, and that is why all of us must be very vigilant of what is going on in our land and not allow these forces to expand and draw the people to their side. This is important. There are such forces, both conservative and ultra- and infra-rightist forces and ultra-leftist forces. We have them all. I can tell you that I am not speaking in general terms, but I have corresponding information to this effect. However, talking about their quantity and their possibilities today, I stress once more that they are not so considerable as to present danger today, but they may present danger tomorrow.

[Novyny Television and Radio reporter] Mr. President, I would like to ask whether the negotiations on resolving the Black Sea problem are continuing. Have any specific ways of resolving this problem taken shape, specific ways?

[Kravchuk] I will tell you. First, we must take into account the following circumstances. It is a clear that certain Russian forces—national-patriotic and national-chauvinist ones—cannot reconcile themselves to a situation in which both the fleet and, first and foremost Sevastopol, would belong to somebody else. That is why those agreements we have signed with Boris Nikolayevich Yeltsin in Yalta are interpreted by everybody in his own way. More specifically, they are blocking, simply blocking the adoption of those six agreements envisaged by that Yalta document. Only one out of six agreements has been adopted, the one on symbols, as you know. Now, we face the question of who will be the fleet commander and the problem of joint command. We believe that this problem can be resolved if Russia and Ukraine are willing.

Those structures that work for the fulfillment of the accords signed by the presidents do not work to the advantage of the common cause of Russia and Ukraine, but they work to the advantage of Russia. At any rate, so they think. Although, I am convinced that their position contradicts the interests of both Russia and Ukraine, because if they had been guided by the interests of both nations and by their problems, their life, and their friendship, then such positions could always be amended and a compromise could always be found.

I am convinced that we will resolve this question. It is very important—the second question on the joint command of the fleet, and we will adopt these two agreements.

Then, there will be difficulties. We interpret the Yalta agreement as it is formulated: That the period of up to 1995 is necessary for resolving the question of the division of the fleet. This is our position. The division of the fleet. Russia's interpretation is different, to the effect that this period of time until 1995 is necessary for the fleet to function as a whole, and that after 1995 we will think about dividing it. This position is unacceptable for us. This is not because we have changed our point of view since the Yalta agreement.

If you read the articles of the Yalta agreement, you will see that it has this particular interpretation and that it is precisely in this manner that we discussed it and it is precisely in this spirit that Boris Nikolayevich and I gave interviews. Now, the Russian delegation has changed its point of view. However, in this case, it is required that the presidents of Russia and Ukraine should also change their points of view.

In my opinion, the Russian delegation's position harms the development of this process. This is first. Second, it does not contribute to the authority of this decision or the Russian president's signature.

I think that in the end we will arrive at a consensus and will adopt a correct decision in conformity with the letter and content of the document signed in Yalta.

[Name indistinct] You referred to the Ukrainian economic model. In this connection, I have a question for you: What documents may be referred to in describing this model—the Principles of the National Economic Policy or the future Plan for Stabilization that Kuchma spoke about? What is the present fate of Yemelyanov [Ukraine's state adviser for questions of economic policy, appointed in February 1992]? If possible, give us your prediction with regard to the Law on State Enterprises that enables directors of state enterprises to appear on the market side by side with private directors.

[Kravchuk] I think that it is necessary to refer to both documents, because the program for the emergence from the crisis will not contradict the principles of the national economic policy that were adopted by the Supreme Soviet. I have told you precisely about this. You will find out on the 12th. I will probably speak on the 12th, and the prime minister will speak; others will also speak and will speak about what steps will be made in the direction of the fulfillment of precisely these principles.

There are these two documents, and one will proceed from the other. Of course, it will be further enriched and it will be further detailed and made more specific by specific actions in particular sectors, but this does not, in any way, mean that it is an entirely different document. By no means. Therefore, I am asking you to interpret this question in this way.

I think that if we now look at this structure—the Cabinet of Ministers... it is not by chance that Leonid Danylovych said this about the program for emerging from the crisis—that this program will envisage considerable changes or proposals for introducing considerable changes not only into this, but also into other laws and decrees, changes that are necessary to enable us to proceed to the market and to the implementation of market reforms quickly, or faster than before.

That is why I think that it is necessary to wait a little, lest I should pick out one detail from the general picture of the transition to the market.

[VECHIRNIY KYYIV reporter] Esteemed Mr. President, Ukraine is a European power in a very advantageous position because of its proximity to the east. Do you intend to cut a window through to the Orient with the help of the Crimean Tatars? One more question. Can you swim?

[Kravchuk] What?

[VECHIRNIY KYYIV reporter] Can you swim?

[Kravchuk] Swim? [laughs] First, I do not think that we need to cut any window through to the Orient with the help of the Crimean Tatars. I have already visited Turkey, for example, if we take this part of the Near East

and others, and to Europe, and we have signed an agreement on friendship and cooperation with Turkey. We have signed quite a number of documents with European states. We will visit and we will receive visitors from the Near East and will also conclude, that is, create a legal basis for relations with those states.

With regard to the problem of the Crimean Tatars, this is a separate problem in Ukraine—and not only in Ukraine. I have repeatedly spoken about it, and I am not changing my point of view: the Crimean Tatars have the right to live in their historical homeland. We have a responsibility toward them—to create conditions under which they will be protected in Ukraine.

We also have a responsibility toward other people who live both in the Crimea and all over Ukraine in order to prevent confrontation between these people, because.... [changes thgouht] You know, Bertrand Russell said that nations are similar to bees. They can only sting at the expense of their own lives. Sting at the expense of their own lives. Unless this is understood, and if one people, one nation wants to live at the expense of infringing upon the rights, freedoms, and, I would say, historical rights of another people, then these peoples will be doomed to confrontation that may end in disaster for all.

That is why we are guided by this principle—to give every citizen of Ukraine, regardless of his nationality, all the rights and freedoms in Ukraine.

There are objective difficulties, there are economic ones, and there are others. We will gradually resolve them. But we must resolve them in such a way that nobody should suffer from this, so that we would not have superior or inferior peoples in national and other questions. All citizens of Ukraine, all of them, have equal rights and can, therefore, have equal opportunities. This is our principle, one from which we will never diverge. [reporter prompts Kravchuk on the swimming question] Swimming? Of course, I am not a champion swimmer, but I can keep my head above water.

[Ukrainian television reporter] Esteemed Leonid Makarovych, we have two questions for you, if possible. First, we have discussed here many various problems. We would not like to leave a rather significant political event unnoticed in their wake. This is, after all, the emergence of Ukraine into the Asia-Pacific region. Prior to the official visit, there were attempts to adorn it somewhat with phrases to the effect that we were going to China precisely in order to sell weapons.

Second question. In America, they have a new president. Will Ukraine's attitude toward America change?

[Kravchuk] I understand that our young state has appeared on the world map and whether people wants it to or not; whether people like it or not, it exists. Since it exists, it states its policy and its intentions openly and honestly before the whole world and strives not to change its principles every day of the week, but to proceed in accordance with these principles declared both in documents and statements.

It was clear that, when we came on the scene in that region, some of the media began to stir up public opinion by alleging that we went there in order to sell something. Well, perhaps they said so as a result of their own experience or from their own vision of this problem, or maybe somebody prompted them to say so: You say this, you see, Ukraine wants to establish itself somewhere.

However, everything is, as people say, out in the open and we have not concealed anything but stated sincerely everything that we saw and that we could, at any rate, assess [otsinyty], and we have openly stated our intentions. I also said this during my visit to China and mentioned it once more in my speech to the Mongolian parliament. For that region or, perhaps, not only for that region, whoever read it, knows.... [changes thought] That is why all of this.... [changes thought] You see, people stopped talking about this, and the fact remains the fact. The caravan slowly continues on its way. Somebody keeps saying something wrong [ne te] in a loud voice, but we react to this with understanding. We know that today it is difficult to find anything else. Difficult, because it just does not fall on the fertile soil in the way that they want.

I have perused Bill Clinton's program. I have also perused that part of it that deals with Ukraine. I very much liked the president-elect's words to the effect that he wants to have good and close relations with Ukraine. This is what the new president-elect said. I will probably be able, or at any rate I will make the initiative to get through to Bill Clinton on the phone, congratulate him, and once more confirm my position that our relations and our intentions to have a partnership with the United States of America in accordance with what we have already initiated by signing documents and agreements in Washington are not changing. On the contrary, we intend to expand and intensify them. This is in Ukraine's interests. I hope that this is also in the interests of the United States of America with regard to Ukraine as a great European power that would be able and will undoubtedly—I believe in this—play an increasingly important role on the European continent, taking into account its geopolitical, strategic, and other position.

[POLITYKA I CHAS reporter] Leonid Makarovych, when you are away on official trips, we receive direct information on all the events that occur where you are. Unfortunately, in all other cases the Ukrainain public gets secondhand information about life outside Ukraine. Therefore, please, tell us about Ukraine's prospects for joining the world information area.

Second question. We know about the great masses of agreements that you conclude abroad on economic questions. Everybody knows about these. We would like to hear from you about similar agreements on the questions of culture and on Ukraine joining the world cultural sphere. Thank you.

[Kravchuk] This is a very important and very penetrating question. Of course, when we sign accords, especially agreements that we have already signed with other states, the questions of culture and spiritual values, and interethnic questions are reflected in them, as well as questions of human protection, human rights, freedoms, and human intellect. All of these are there. Certainly, joining the information area is an important problem for us, and we are studying it. However, for our part, corresponding possibilities are also needed. That is to say, we must not only take; we must also give something to this area. We must not only give wise words but also invest corresponding capital. Unfortunately, we do not have this capital, not to mention words. Whatever we have, we have. We do not have anything different, either. That is why this question is being studied, and Ukraine intends to join the worldwide information area.

We do not presently intend to break with the information area that we have—with the information area of the former USSR, in the given case the CIS, although we do have certain difficulties, for example, with certain programs and with some central media. However, again, I want you to understand me, when I criticize a certain newspaper or a certain program, I do not in any way set myself a goal, for example, to condemn that trend, that interpretation, or that position. Absolutely not. I hope that when somebody criticizes the president, he is guided by precisely such intentions—to help him handle affairs in a better way. However, I could never understand why [word indistinct] lies are disseminated, why, without any verification, without.... [changes thought] I do not think that the premises are locked up and it is impossible, for example, to make a telephone call and ask whether something is true.

Again, the most important thing seems to be to write something as fast as possible and to transmit it as fast a possible. The main thing is to manipulate an idea, or amend it in such a way, or to serve it up with such dressing, if I can use such an expression, that it could be interpreted as something not quite right and something quite the opposite, and that some other policy is being pursued, and that it is, to be sure, this way or that way. Here, if lies are told, especially by a people's deputy.... What can be said about this? What grievances can I have against the newspaper? None at all. It just interviewed a people's deputy. The newspaper has nothing to do with it. That is why I am saying, if there is an interview.... After all, the newspaper must choose suitable people and authors and not compromise itself by lending space to those authors who act in this particular way and who give such interviews, irrespective of who they are and who they used to be in our history.

Everything else is absolutely normal, and that is why Ostankino, in this respect, disturbs me somewhat. However, I know that Ostankino gets information from our [word indistinct]. Where does it get it? As a result, I get an impression: Why is it that everything is so bad in Ukraine? There is nothing anywhere? Nothing in the oblasts, the rayons, or the villages? Why not show how people work? Why is everything bad? Why, when there is (?subscription) [peredoplata] in Russia, it is good, but when it is in Ukraine, then the president has done wrong? Why is this so? In Russia, this subscription has been in progress since June, but we introduced it recently and, because we did not introduce it earlier, we have pumped over huge sums of money to Russia and cannot make out who owes who what.

There, everything is fine, because it is Russia. In Ukraine, everything is bad, because it is Ukraine. This is something that I cannot understand, because I do not see objectivity in this. I see a biased attitude in this. In this, I see a deliberate, I stress, a deliberate and purposeful denigration of Ukraine. If we have such an area, then people must get away from it as fast as they can. The area must be one where everybody is free, where normal relations prevail, and where criticism prevails, but criticism without denigration, criticism without allusions, criticism without lying, but simply normal criticism. Nobody must be offended by it. It is a normal democratic process, absolutely normal. Nobody must even think about imposing something, imposing one's own ideas, upon somebody else, or saying something. However, I also have the right to express my thought, because—not only as president, but as a human being and as a citizen. When somebody tells lies, I have the right to refute them.

[KIYEVSKIYE NOVOSTI reporter, in Russian] A question for the commander in chief. The Law on the Armed Forces several times uses words like depoliticization. Today, there are no political officers in our army and no Lenin rooms. Instead, there are chambers [svitlytsi] and there are officers of the sociopsychological service. They are the same political officers, and we have more of them than in any European country in NATO, or American chaplains. Why don't you demand from the minister of defense.... [changes thought] Or why don't you help him see to it that this law is obeyed? Thank you. [switches to Ukrainian] Now, in order to defend my colleagues, the rumors about Pyekhota and Fokin were spread after the news conference by Vyacheslav Chornovil. Thank you.

[Kravchuk] This is exactly what I was saying—everyone chooses a coauthor for himself. [laughter from the audience] With regard to political officers, I see it in the following way: the main thing is not where a person studied and what post he occupied in the army, whether he was chief of staff, or commander, or political officer. The main thing is what this person is doing today and what good he is doing to Ukraine's Armed Forces.

Incidentally, all or almost all the political officers of the former army of the German Democratic Republic have been recruited by the Bundeswehr. Our poor mentality divides people into enemies and the rest of us. There is nothing else: If he was there, he must be done away with. No matter what—he simply was there. A million people could thus be done away with. This is clear to everyone. Otherwise, these are, again, thousands, thousands of families of people who are not satisfied, families and

people. Why is this so? This is how it is. However, this is our mentality. We always want to create groups of disillusioned people who will not be useful for Ukraine, but would act against Ukraine.

It is necessary to see what a person is like today and not where he worked earlier. That is why I believe that all those who worked and who work for Ukraine's Armed Forces must be protected and that conditions must be created for their work. There is such a directive of Ukraine's minister. [sentence indistinct]

[HOLOS UKRAYINY reporter] Leonid Makarovych, I have the following question. How would you characterize your present relations with parliament? [Words indistinct] sent into retirement the government of Fokin together with Fokin himself. In connection with this, tell us about your personal relations with Ivan Stepanovych Plyushch. At the meeting with representatives of the councils on 30 October, he stated that two laws were being prepared: on the election to the local authorities and on direct nationwide elections of chairmen of the local councils. This considerably changes Ukraine's course from a purely presidential republic to a parliamentary-presidential one. He also stated that you are, allegedly, preparing an article for the media in support of this particular course. If this is so, can you say something about it?

[Kravchuk] To begin with, I have never have bad relations with parliament. I grew up in this parliament. This parliament elected me its chairman. In very difficult times, I worked as the parliament's chairman and, although not always, we found effective ways of resolving our complicated problems.

Now, the parliament also works. The fact that the deputies have their own points of view and that these points of view do not always coincide with the point of view of the president does not at all mean that parliament opposes the president and the president opposes parliament. Absolutely not. The formulation of the general course—political or economic—is a different thing. As it seems to me, after all, parliament has adopted whatever has been submitted to it, if it was rational and well-grounded, and has not adopted what was not. This is also normal.

With regard to my relations with Ivan Stepanovych Plyushch, I have said to parliament and will say to you that I do not see any personality issues here. It is a matter of positions. The position that is occupied by the chairman of the Supreme Soviet and the position occupied by the president—this position cannot be separate from the particular post or from particular officials. It always depends on who is president, or prime minister, or chairman of the Supreme Soviet. There is interaction. This is normal. I do not want you to see the situation as though there were some personality issues here. There are no personality issues at all. There were none and there are none. There are fundamental political problems.

With regard to the structure of power. I do not want to get into a situation in which either Ivan Plyushch or I say things like: this will only be this and not that. For example, I will say that we have a presidential republic and Ivan Stepanovych will say that it is a parliamentary-presidential republic, somebody else will say parliamentary, and that's it, and no alternative points of view. We will have such a republic or such a state as will be written and adopted in the constitution and in the laws, and not as the president or chairman of the Supreme Soviet or somebody else wants. This is a personal point of view.

My upcoming article is also my point of view, not only as president, but also as a person who has worked on the constitution. I believe that there may be different variants. For example, one of the variants: two laws are taken—the law on local representative bodies and the law on the chairman of the executive. The law on representative bodies explains the powers and the functions, how the people are elected, how many people are elected, for how long, and so on. This representative body, whether territorial, rayon, village, city, or oblast, is elected with a number of persons, for example, 25 or 30. They elect their chairman at their session of deputies, and this chairman becomes the chairman of the representative body.

The chairman of the executive power is elected by direct secret ballot. This chairman of the executive—it would be best and most rational if the president were to transfer to him the functions of state presidential power and he, the chairman of the executive, would perform the functions of the president, as this is currently being done by presidential representatives.

The difference is that the latter have been nominated, and the former will be elected by the people—do you understand? This does not at all mean that he fulfills some other functions. Simply his status is reinforced—he is elected by the people, but the president gives him the authority from the state, and the president can also—this must be written in the law—dismiss this person from his post if he violates the laws of the Constitution, in accordance with the decision of the appropriate authorities, or in line with an appropriate law.

Thus, the essence is not changed: The presidential representative becomes elected by the people and not nominated. His powers and his status are strengthened.

What is in this? Nothing. Simply, we would have the representative power and the executive power that also involves state functions. This would be the most logical thing.

However, there is also the third way. In view of the fact that we have today an absolute legal nihilism and that there may be competitions—who has more votes—people may, for example, say to me tomorrow: Leonid Makarovych, you received 62% of the overall votes, but in my oblast I received 90% of the votes. Who is the boss? I am. I will not obey you. Thus there would start

whole proceedings. Who, what, how, sessions of the constitutional or some other court—there is no end to it.

In this situation, a third variant is possible for some period of time: the chairman of the executive power is elected and he fulfills executive functions in the region; these are, primarily, social, economic, and cultural functions, but there is also a third person from the president, something like a prefect in France—I liked this very much—or, as in Italy: A political commissioner who takes upon himself strictly state functions, that is the functions that are given to him by the state—they are of general state nature—and he is also in charge of the control over the fulfillment of the Constitution and laws. Such a variant may also be possible. This is my personal point of view.

The system that prevails in Ukraine, the presidential or the republican, I repeat, will not be decided by one person, even by a person possessing supreme powers. This person cannot decide such a thing. He can only express his wish. What Ukraine will be like will be decided by the people, it will be decided by representatives of the people either at a session, or at the Supreme Soviet, or something else.

Incidentally, all of this is envisaged in our laws. This is my position. However, this question is not for today. This question will be resolved when the Supreme Council adopts these laws. If it adopts such a law, it will be so.

However, to return to the slogan: All power to the councils and that's it!—I think that this will not be the case. As they say, we have already covered this subject.

That is why, if somebody wants to have normal cooperation and normal interaction, and a true division of powers into executive, legislative, and judicial, as we have proclaimed, and really to proceed toward democracy, and not toward a concentration of power in single structures, as was the case before.... [changes thought] Incidentally, this was very ephemeral, very inefficient, we know this, too, but now these slogans are again taken for speculation. It is necessary to proceed and look for correct decisions and not to go back, as some people think.

As soon as there are any difficulties, they immediately want to go back. Or when they go forward and are confronted with difficulties, they cannot face them: Let us go back to socialism. They go there and fail: Let us go back there and back here. Well, my dear friends, we must take into account the course and the road which we have covered and the consciousness that we have today and the desire and the vision that we have today, and not to manipulate them. I want to say once more and to conclude with this: All of us, I stress, from the president to the worker, or collective farmer, or individual farmer, or cooperative worker, and everybody else, must realize one simple truth that it is only through labor and through responsibility that we can build an independent state. There is no other way.

One last thing. Both foreign and domestic affairs may only help us or interfere with our efforts. We must all work together and create our state—a new, democratic, rule-of-law, civilized state. It was not and will not be easy. I cannot and do not want to promise that it will be better tomorrow, but I know that the road upon which we have embarked has prospects and a future. Other roads may lead to misfortune and disaster. We must also know this well.

I am glad that I have had an opportunity to be with you. Maybe I have said some things that might offend somebody, or made some allusions, but you also do such things to me, and often. I tolerate this, and I ask you to tolerate it as well, because I also have the right to this, like you. Thank you for your attention. All the best. Good-bye.

Belarus

Kebich Comments on Results of Moscow Meeting

LD1611220592 Moscow Mayak Radio Network in Russian 1630 GMT 16 Nov 92

[Report on news conference by Vyacheslav Kebich, chairman of the Council of Ministers, in Minsk on 16 November—recorded]

[Excerpts] Good evening. Today, Belarusian Prime Minister Vyacheslav Kebich held a news conference in Minsk. It dealt with the results of the meeting in Moscow. To be honest, there were not as many journalists as when the head of the government was departing for Moscow. The meeting was held in the same round hall of the Council of Ministers. In my opinion, the prime minister's optimism has receded. Maybe I am wrong.

Incidentally, I asked Vyacheslav Kebich about it, and the answer was that too many matters had to be tackled in the course of the day, which is understandable, as issues were accumulating while Vyacheslav Kebich was away.

Our prime minister said that he did not make great discoveries at the meeting of the heads of government in Moscow. But let us listen to Vyacheslav Kebich himself. I will play the tape. [passage omitted] Now Minsk is live on the air. We are listening to our correspondent Petr Makritskiy.

[Makritskiy] While the tape is being prepared for the broadcast—some technical difficulties—for the time being, I will simply tell you what in particular Kebich dwelled on, such as: hopes are being placed on a meeting in Minsk, though dates can be changed, and the document on Ostankino was not signed. This document is migrating from meeting to meeting. Well, Vyacheslav Kebich, our prime minister, was pleased with the buds of mutual understanding between Ukraine and Russia.

The tape is ready now. We are putting it on the air.

[Begin Kebich recording] Probably I need to stress that we have achieved what we expected. First—you already know this—the Ukraine is introducing its own currency. This was stated earlier, but this time it was reconfirmed.

Second, we, as the heads of government, agreed to recommend that these rules be approved and, more preferably, signed at the conference of the heads of state and heads of government, which will be held in Minsk—its dates were slightly changed, maybe they were changed, maybe not. This will depend on a series of talks today and tomorrow morning. This is my belief. Maybe there will be some amendments. There is a provision in these rules for setting up a consultative-coordinating council or, let us say, a working commission, which will be determining relations between republics on some directions, and an Economic Court will be attached to the commission.

But the progress toward the market is so rapid that one can draw the conclusion that in practice, from 1993, only three-four categories will be determined as the categories subject to state orders or subject to issuing quotas. All the rest will be subject to agreements.

A new statement by the Russian Government has come to light that it will no longer be establishing prices for oil products, and it will not establish any ceiling prices. Everything looks simple and understandable. And it is simple and understandable at first glance. If one sorts out the details, this means that there will be regions—approximately 60 to 70 percent—producing petroleum derivatives, which will have their quotas for selling fuel. And now every state needs to get ready to entirely independently conclude agreements with, say, (?Igarneft), Tyumenneft, and some other oil and gas producers. These prices will be contractual within the limits of the quotas that will be set by the Russian central government. [end recording]

Summit Date May Change

OW1611191492 Moscow INTERFAX in English 1858 GMT 16 Nov 92

[Following item transmitted via KYODO]

[Text] The date set for the Council of Heads of States and Governments of CIS nations in Minsk might be changed, announced Belarusian Prime Minister Vyacheslav Kebich at a press conference Monday in the republic's capital. He said the date may have to be changed since Russian President Boris Yeltsin and acting Cabinet Head Yegor Gaydar might have to appear at the Russian Congress of People's Deputies, which is scheduled for December. The meeting of heads of CIS states and governments was scheduled for December 4.

Recounting the results of the last meeting of heads of CIS governments in Moscow, Kebich noted that he "did not achieve the main goal—to mark a bilateral clearing" in relations with republics of the Commonwealth. The Belarusian prime minister announced his firm intentions of accomplishing this at the summit in Minsk.

No Single Ruble Zone in CIS

LD1611222692 Moscow Teleradiokompaniya Ostankino Television First Program Network in Russian 1800 GMT 16 Nov 92

[By correspondent Komarova; from the "Novosti" newscast]

[Text] Chairman of the Belarus Council of Ministers Vyacheslav Kebich spoke on the status of ruble zone today at a meeting with journalists.

[Begin Kebich recording] Correspondents have asked me whether I think there is a ruble zone. I said unequivocally that in my opinion and as I understand it, there is no single ruble zone in the CIS countries today. That is what I told you when I was leaving for the meeting. I think we shall be bringing pressure to bear to have this position brought forward at the December meeting of the heads of states and goverments. [end recording]

Lithuania

Democratic Labor Party's Brazauskas Discusses Election Victory

LD1611184492 Vilnius Radio Vilnius Network in Lithuanian 1500 GMT 16 Nov 92

[Report on remarks by Algirdas Brazauskas, leader of the Democratic Labor Party, at a news conference in Vilnius on 16 November]

[Text] [Begin Brazauskas recording] Today, according to preliminary data, we have won 74 seats, that is, an absolute majority. We want the speediest possible [words indistinct]. We are glad that we have the constitution, that we live according to the new constitution. This is a very great event in our life, and we are determined to observe these main principles and the constitution [words indistinct].

The reforms will continue, but I stress that the ways of realizing these reforms may be varied, they will be corrected as compared with those which have been used as a basis now, especially in agrarian reform. Of course, the energy issues will be very urgent, but I would not like to speak on behalf of the future new government.

After the results of the first round of the elections, some people around the world have said that the Lithuanian communists are taking power into their hands or that the communists are returning to power and allegedly restoring communism in Lithuania. I would like to remind people that our party has left—and I wish to stress this once again—left the CPSU, we have discarded the so called red membership cards and formed a new party. Within our ranks are only 6 percent of the members of the former Lithuanian Communist Party. They constitute that part of Communist Party members who essentially did not agree with the principles of communist ideology and the main aims of the Communist Party.

Our program was already clear in 1989 [passage indistinct]. We are adhering to this line and will adhere to it. We are profoundly convinced that the socialist form of management has brought misfortune not only to Lithuania but to the entire former so-called socialist camp. We are, therefore, firmly convinced that the reforms must be aimed at following a (?normal) path to free market conditions.

I also wish to congratulate those who have been elected and who have never been members of the Lithuanian Communist Party. Former Communist Party members can be found in other parties, too, and they have been elected. [end recording]

What is the new government's attitude to relations with Russia? Algirdas Brazauskas noted in reply that the Lithuanian Government will have to maintain relations with Russia, but only on favorable terms for Lithuania, because so far we have no alternative for obtaining raw materials [words indistinct]. The complex of these relations also includes the Russian army's presence in Lithuania. We are strictly adhering to the position that the army must leave [words indistinct].

Replying to the assertion of Vytautas Landsbergis that Lithuania is threatened by autocracy, Algirdas Brazauskas noted:

[Begin Brazauskas recording] By no means. I do not agree with Mr. Landsbergis that this may mean autocracy in Lithuania. By no means. We are going to form both the leadership of the Seimas and the government with joint efforts. It will not happen that our members would form a government, or a [word indistinct] government. Of course, the main principle is that the time has come for Lithuania to have a government free from pressure from one side or the other, one that is able to work very effectively and speedily in adopting various decisions. [end recording]

Foresees No Problems During Transition

OW1611184392 Moscow BALTFAX in English 1823 GMT 16 Nov 92

[Following item transmitted via KYODO]

[Text] Algirdas Brazauskas, leader of the Lithuanian Democratic Party of Labor [LDPL] which won the elections, stated that he "does not foresee any difficulties during the transfer of power from the former leadership" of the republic.

In an interview with BF [BALTFAX] Monday, he said that the LDPL leadership had already had contacts with representatives of the Home Defense and Interior Ministries. He said these representatives had assured that "they accept the results of the elections in Lithuania".

Brazauskas also said that after the first round of elections his party held consultations on issues related to the formation of a government with representatives of Social Democrats and Liberals. As a result of these meetings, he said, "positive moments" were found.

The LDPL leaders pointed out that his part is prepared "to share power fairly". In particular, he noted that in his opinion it would be better if the new prime minister of Lithunaia is not a member of the LDPL. He said that would prevent the government from being too politicized and suffering pressure from outside, as it happens now.

Democratic Labor Party's Kirkilas Examines Developing Situation

PM1711092592 Moscow ROSSIYSKAYA GAZETA in Russian 14 Nov 92 First Edition p 7

[Report by Yuriy Stroganov incorporating interview with Gediminas Kirkilas, deputy chairman of the Democratic Labor Party, by unidentified correspondent in Vilnius; date not given: "It Is Necessary To Look for a

Language Worthy of our Neighbors. Otherwise Russo-Lithuanian Relations Will Reach Deadlock"]

[Text] Vilnius—The second round of the elections to the Seimas is taking place in Lithuania 15 November. The battle for places in parliament will go ahead in single-seat electoral districts where of 71 candidates only 10 already have powers as deputies. On this occasion, the candidate for whom a simple majority of electors vote, will be considered to have been elected. Even if there are very few of them.

A forecast by sociologists states that the Democratic Labor Party is capable of consolidating its success. Its representatives are continuing the struggle in the majority of electoral districts, and the Sajudis Coalition, which was stunned by its rivals' success, is preparing to mount a propaganda offensive in the hope of seizing the initiative. It considers that all is not yet lost. Various accusations will be mobilized: "The Labor Party consists of neocommunists who were victorious with some help from Russia and... the KGB"; "What awaits Lithuania is a return to the past..."

This is how Gediminas Kirkilas, the No. 2 man in the Democratic Labor Party, its ideologist, and Algirdas Brazauskas' deputy in the party, regards the results of the elections' first round and the situation which has now developed in the country.

[Kirkilas] We presented better than others society's feelings against that policy which is now being carried out in all areas. Society's experience of politics is for the moment still at such a stage that people are simply unable to distinguish the many parties' aims.

What is more, the centrist movements were only created on the eve of the elections and did not manage to carry out the work necessary to form normal parliamentary parties. Such parties do not just consist of a manifesto and several party cells, but comprise a network of party clubs all over Lithuania. The party had more problems with monitoring the counting of votes at these elections than in carrying out propagandizing for their ideas. I think that this question will be even more important during the second round. We are afraid of fixing and afraid that a section of the electoral commissions' members will try on election day itself to continue agitating and telling people who to vote for. This partly works against them, but pressure is being put on the electors just the same.

[ROSSIYSKAYA GAZETA] How do you react to those pronouncements about Russia's having participated unseen in the elections to the Seimas, and that those people who voted for your party sold out to Russian oil.

[Kirkilas] This is just propaganda by the national-radicals, who are always drawing parallels between what is happening in Lithuania and Russia. Events in both countries do to some degree have an influence on each other, but not so decisively as they are now saying.

[ROSSIYSKAYA GAZETA] People assert that the right will not give up power voluntarily. What is your opinion in this matter?

[Kirkilas] We hope that Lithuania is a sufficiently civilized state which will not allow all the democratic countries to turn their backs on it.

[ROSSIYSKAYA GAZETA] Irrespective of the elections' final results it is clear that the Democratic Labor Party will at least be the most influential force in the Seimas. What will its first political steps in parliament be?

[Kirkilas] The first will be to secure the basic issues in the constitution, first and foremost the institutions of private property and human rights. The second step is to form a government which will tell the people what the real situation is at present. Then it will decide how to get out of this situation. We have already made many proposals in our program.

We will try to get as many specialists and intellectuals as possible involved, irrespective of their political convictions, that is, to form a government which is a broad coalition, or as it is still called a technocratic government. We will continue the policies which we put forward in opposition.

If an opposition arises which criticizes us, this is a good thing. It will be bad if this does not happen.

[ROSSIYSKAYA GAZETA] In your view, do the present Lithuanian-Russian relations live up to their peoples' expectations?

[Kirkilas] Today, only the smallest opportunities afforded by these relations are being used. Russia does not have a clear idea of its relations with Lithuania, nor does Lithuania have a clear idea with regard to Russia. It is necessary to remove the lack of trust which formed as a result of the Russian empire's collapse and the change of political forces which are in power, and to search for a normal good-neighborly language between us. I think that it is necessary to let our entrepreneurs go ahead. They will quickly find a common language even without the politicians' mediation.